



40-9024

UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

November 1, 1996

Mr. Harold R. Roberts, President
Energy Fuels Nuclear, Inc.
Three Park Central, Suite 900
1515 Arapahoe Street
Denver, CO 80202

SUBJECT: NOTICE OF VIOLATION

Dear Mr. Roberts:

This refers to a review of the Energy Fuels Nuclear, Inc. (EFN) Reno Creek, Wyoming, licensing file, including the submittal dated August 6, 1996. As a result of that review, the U.S. Nuclear Regulatory Commission has determined that EFN is in violation of the requirements of Source Material Possession-Only License SUA-1558. A Notice of Violation is included as Enclosure 1 to this letter.

This violation results from your failure to submit an annual update to the surety amount as required by License Condition No. 12. The annual update is required to be "provided to the NRC at least three months prior to August 16, 1994, and in each successive year." The annual update must include "supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure. The licensee shall also provide the NRC with copies of surety-related correspondence submitted to the State, a copy of the State's surety review, and a final approved surety arrangement. The licensee must also ensure that the surety, where authorized to be held by the State, expressly identifies the NRC-related portion of the surety, and covers the cost of resin disposal."

On July 22, 1996, a telephone call was made to Ms. Michelle R. Rehmann of EFN, informing her that the annual surety update due on May 16, 1996, had not been received. On July 26, 1996, the NRC received a letter from Ms. Rehmann dated July 22, 1996, which described the steps associated with the annual renewal of the reclamation bond holder - the State of Wyoming (State). In her letter Ms. Rehmann pointed out that the anniversary date for the State bond is October 16, 1995, (ten months prior to the NRC's surety anniversary date of August 16, 1996) and that information provided to, and received from the State and then submitted to the NRC fulfills EFN's License Condition No. 12 surety obligations. The EFN/State bond-related documents described by Ms. Rehmann's were not enclosed with the July 22, 1996, letter and had not been provided to the staff earlier by EFN. In addition to failing to meet the required submittal date, the content of the July 22, 1996, letter was not sufficient to meet the requirements of "supporting documentation," and therefore was not acceptable as an annual update to the surety amount.

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A chronology of EFN surety-related events having occurred within the past two years is attached as Enclosure 2.

Your failure to meet the required submittal date is unacceptable. The NRC expects future submittals required by your license to be made on time.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice of Violation when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to take to prevent a recurrence. After reviewing your response to this Notice of Violation, including your proposed corrective actions, the NRC will determine whether further enforcement action is necessary to ensure compliance with NRC regulatory requirements.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, and its enclosures will be placed in the NRC Public Document Room.

If you have any questions concerning this subject, please contact the NRC Project Manager, Mr. Harold E. Lefevre, at (301) 415-6678.

Sincerely,

Joseph J. Holonich, Chief
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material
Safety and Safeguards

Docket No. 40-9024
License No. SUA-1558
Case closed: TAC L51454

Enclosures: 1) Notice of Violation
2) Chronology of Surety-Related Events

cc: G. Mooney, WY DEQ/LQD
M. Socolof, ORNL

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