

## NOTICE OF VIOLATION

Energy Fuels Nuclear, Inc.  
Denver, Colorado

Docket No. 40-9024  
License No. SUA-1558

During U.S. Nuclear Regulatory Commission's review of the licensee's Reno Creek docket file, including the licensee's submittal dated August 6, 1996, a violation of NRC requirements was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," NUREG-1600, the violation is listed below:

License Condition No. 12 requires, in part, that annual updates to the surety amount "shall be provided to the NRC at least three months prior to August 16, 1994, and in each successive year." Along with each annual update, License Condition No. 12 also requires the submittal of "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."

Contrary to the above, the licensee failed to submit an annual update for 1996 at least three months prior to August 16, 1996, and failed to submit "supporting documentation" and "surety-related correspondence submitted to the State, a copy of the State's surety review, and a final approved surety arrangement."

This is a Severity Level IV violation (Supplement VI).

Pursuant to the provisions of 10 CFR 2.201, Energy Fuels Nuclear, Inc., is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555 with copies to the Director, Office of Enforcement, Washington, D.C. 20555, the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV, Harris Tower, 611 Ryan Plaza Drive, Suite 400, Arlington, Texas 76011-8064, and the Chief, Uranium Recovery Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards, Washington, D.C. 20555 within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include: (1) the reason for the violation, or, if

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contested, the basis for disputing the violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. Where good cause is shown, consideration will be given to extending the response time.

Because your response will be placed in the NRC Public Document Room (PDR), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information).

Dated at Rockville, Maryland  
this 1st day of November 1996

CHRONOLOGY OF  
MORE RECENT SURETY-RELATED EVENTS  
EFN, RENO CREEK, WYOMING IN-SITU LEACH PROJECT

October 14, 1994	Letter to the State of Wyoming enclosing Energy Fuel Nuclear's (EFN) October 16, 1993, to October 15, 1994, Annual Report for it's Reno Creek, Wyoming project. The Annual Report included bond-related documentation with EFN requesting reduction of the bond amount from \$156,000 to \$80,000.
May 12, 1995	Letter to the U.S. Nuclear Regulatory Commission (NRC) providing documentation (EFN/State) in support of EFN's annual (anniversary date of August 16, 1995) surety renewal.
May 23, 1995	Letter to the NRC requesting a two-month suspension of licensing activities.
June 2, 1995	Letter responding affirmatively to EFN's request for suspending all license review activities.
August 1, 1995	Letter from EFN requesting an extension of the two-month suspension of NRC staff and contractor review of licensing activities until early 1996.
August 6, 1995	Letter enclosing License Amendment 1 is transmitted to EFN approving a reduction in the surety from \$156,000.00 to \$138,000.00. EFN's October 14, 1994, request for a surety reduction to \$80,000.00 was denied.
October 25, 1995	Letter responding affirmatively to EFN's request for suspension of all NRC staff and contractor licensing-related activities until EFN provides written guidance directing NRC to resume licensing activities.
November 1, 1995	Letter to EFN enclosing License Amendment 2 revising the surety amount from \$138,000.00 to \$137,911.80 in order to reflect the actual surety amount rather than the rounded-off value as stated in License Amendment 1.
July 2, 1996	Letter to NRC requesting restart of the review process.
July 22, 1996	Telephone call informing EFN that the annual surety update had not been received on, or before May 16, 1996, as required by License Condition 12.

July 22, 1996

Letter from EFN describing the steps associated with the October 16 annual renewal of the reclamation bond holder - the State of Wyoming (State) - beginning with EFN's submittal of the Reno Creek Project Annual Report.

August 6, 1996

Letter from EFN submitting the 1994-1995 Annual Report and other surety-related correspondence. This submittal provides the NRC with the documentation necessary to conduct its 1996 annual surety review.

September 24, 1996

Letter accepting EFN's proposed annual surety increase from \$137,911.80 to \$142,890.00.

September 27, 1996

Letter to the NRC staff enclosing EFN's transmittal of its Annual Report to the State for the period October 16, 1995, to October 15, 1996.