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April 27, 1997

Charles L. Cain, Acting Chief
United States Nuclear Regulatory Commission
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards
Washington, D.C. 20555-0001

Re: White Mesa Mill Source Materials License SUA-1358
Reno Creek Source Materials License SUA-1558

Dear Mr. Cain:

This letter concerns the proposed transfer of the above referenced source materials licenses (the "Source Materials Licenses") by Energy Fuels Nuclear, Inc. ("EFN") to International Uranium (USA) Corporation ("IUSA"). We appreciate the time the NRC staff has taken to help EFN and IUSA in this transfer process.

A request for the approval of the transfer of the Source Materials Licenses (the "Transfer Request") was submitted to the NRC by EFN by letter dated December 31, 1996. A notice of the submittal of the request (the "Public Notice") was published in the Federal Register on March 5, 1997. We understand that the thirty day comment period for the Public Notice has expired and that no comments were filed with the NRC. We believe that the NRC staff has essentially completed its evaluation of the Transfer Request. EFN and IUSA confirm that there have been no changes to any of the statements and representations contained in the Transfer Request.

We also understand and acknowledge that IUSA must establish satisfactory financial assurance mechanisms (as required by 10 CFR Part 40, Criteria 9 and 10 of Appendix A) with the NRC for the White Mesa Mill before the White Mesa Mill Source Materials License can be transferred. Mr. Turtul of the NRC has been helpful in providing us information on the financial assurance requirements. The necessary financial assurance, in favor of the State of Wyoming, will also be established by IUSA in conjunction with the transfer of the Reno Creek Source Materials License.

EFN and IUSA are attempting to schedule the actual days for the closing of the sale transaction (the "Closing") between the companies. Under the terms of the Bankruptcy Court Order (the "Court

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Charles L. Cain
United States Nuclear Regulatory Commission
April 27, 1997
Page 2

Order") which governs the mechanics of the sale process, the transfer of EFN's licenses/permits to IUSA is to be effective at Closing.

With regard to the NRC Source Materials License for the White Mesa Mill (SUA-1358), Union Carbide Corporation ("Union Carbide") and Umetco Minerals Corporation ("Umetco") are involved in the transfer process because Union Carbide/Umetco established and currently maintains a Standby Trust and letter of credit arrangement for the White Mesa Mill financial assurance requirements.

EFN and IUSA have agreed with Union Carbide/Umetco that IUSA will establish a financial assurance mechanism for the White Mesa Mill Source Materials License so that the Union Carbide/Umetco Standby Trust arrangement is terminated and the letter of credit established in favor of the NRC is released by the NRC and returned to the Bank of New York. EFN and IUSA understand that unless a new financial assurance mechanism is established that meets all the criteria of the applicable regulations, release of the existing Union Carbide/Umetco financial assurance mechanism will not occur.

Please be advised that Mr. Henry W. Ipsen, Esq. and Mr. Duncan E. Barber, Esq. are involved in this process on behalf of Union Carbide/Umetco. Mr. Earl Hoellen, President of IUSA, Ms. Marily Nixon, Esq. and Mr. David C. Frydenlund, Esq. are involved on behalf of IUSA. IUSA is working with Van-American Insurance Company ("Van-American") on the financial assurance arrangements and Mr. Rick L. Thomas, Esq. and Neil Fairweather, Esq. are working on the financial assurance requirements for the White Mesa Mill. Ms. Sarah Finn of the Lockton Companies is also assisting EFN and IUSA on the financial assurance arrangements. The contacts at EFN remain Harold Roberts, Michelle Rehmann and me.

To implement the terms of the Court Order and finalize the Closing, it is necessary for several actions to occur simultaneously. As you can appreciate, EFN and the selling parties want to be sure they will receive the purchase price at the time they execute final transfer and sales documents; IUSA does not want to deliver the purchase price for the assets to EFN and the selling parties unless IUSA knows that the Source Materials Licenses are transferred; and Union Carbide/Umetco does not want to deliver its closing documents to EFN and IUSA unless it knows that it is released from all liabilities associated with its Standby Trust arrangement and any other obligation with respect to the White Mesa Mill.

EFN and IUSA expect the Closing to occur over May 7, 8 and 9, 1997. EFN, IUSA, Union Carbide/Umetco and Van-American agree that the only viable method of satisfying the various conditions to finalizing the sale, including the completion of the transfer of the White Mesa Source Materials License and establishment of a new financial assurance arrangement, is to establish an escrow account to control the steps involved in the Closing. Each party to the Closing will deliver the necessary documents and funding to an escrow agent who will in turn satisfy himself that the various conditions of the Closing have been satisfied before he delivers the documents and funding to the various parties, thereby completing the sales transactions.

To deal with the White Mesa Source Materials License, the following mechanism has been established between the parties involved:

- IUSA is in the final stages of preparing a proposed financial assurance mechanism utilizing a reclamation performance bond that follows the NRC Guidance documents. The bonding documentation will be submitted by Van-American to Mr. Turtill for review. The reclamation bond will be issued by National Union Fire Insurance Company of Pittsburgh, PA, which company is listed in the Department of Treasury's Circular 570. We expect that the financial assurance documentation will be acceptable since it is based on NRC proposed forms. When the form of the documentation has been approved, the documents will be executed, effective the date of execution, and copies of the documents will be provided to the NRC for final review.
- As a condition (the "Escrow Condition") to placing the applicable documents and funding in the escrow account, the parties must be satisfied that the various conditions (the "Mill Conditions"), which are identified below, of the Closing involving the White Mesa Mill Source Materials License will be met through the completion of the escrow arrangement. EFN, IUSA and Union Carbide/Umetco have agreed that receipt from the NRC of the "Advice of Transfer" form, attached to this letter, will satisfy the Escrow Condition. The Advice of Transfer form is submitted to the NRC for its review and comment. As you will note, the Advice of Transfer form anticipates that it will be executed after the financial assurance documentation has been approved in accordance with the process outlined above. At the time the NRC executes the Advice of Transfer, the only step remaining for IUSA to satisfy all requirements for establishing adequate financial assurance arrangements for the White Mesa Mill is delivery of the original executed and effective financial assurance documents.
- As noted above, the parties must be satisfied that delivery to the NRC by IUSA of the original executed and effective financial assurance documents will cause the following Mill Conditions to be satisfied:
 - the transfer of the White Mesa Mill Source Materials License is effective;
 - the Union Carbide/Umetco Standby Trust arrangement is released and terminated;
 - the Letter of Credit issued by the Bank of New York on account for Union Carbide/Umetco for the benefit of the NRC is released and returned; and
 - all obligations of Union Carbide/Umetco under the White Mesa Mill Source Materials License are satisfied/terminated.
- Attached to the Advice of Transfer form are a Receipt form and an Acknowledgment form that provide the parties notice that the Mill Conditions have been satisfied. As with the Advice of Transfer form, these forms are submitted to the NRC for its review and comment.

- Upon receipt of the Advice of Transfer, on the initial day of Closing (scheduled to be May 7, 1997), the following events related to the White Mesa Mill will occur:
- EFN will deliver to the Escrow Agent its Closing documentation including a formal assignment of the White Mesa Source Materials License to IUSA as required by the Court Order approving the sale.
- IUSA will deliver to the Escrow Agent its Closing documentation including the purchase price and a statement confirming that IUSA assumes the obligations of the licensee under the Source Materials Licenses.
- Union Carbide/Umetco will deliver to the Escrow Agent its Closing documentation.
- Van-American will deliver to the Escrow Agent its Closing documentation including the original executed and effective financial assurance documentation for the White Mesa Mill. Copies of the original financial assurance documentation will have been provided to the NRC in advance of the issuance of the Advice of Transfer.
- On the second day of the Closing, a representative of EFN and IUSA will deliver the original executed and effective financial assurance documents for the White Mesa Mill to you or another representative of the NRC that you might designate.
- Upon delivery of the original executed and effective financial assurance documents, the NRC will execute original copies of the Receipt and Acknowledgment. To allow the sale process to be completed as expeditiously as possible, we are asking that the Receipt and Acknowledgment be signed and returned to the representative of EFN/IUSA immediately after presentment of the original financial assurance documents. The original copy of the Letter of Credit from the Bank of New York will also be released at that same time.
- The representative of EFN and IUSA will return the Receipt, Acknowledgment and original Letter of Credit to the Escrow Agent.
- On May 9, 1997, the purchase price and other funds/documents will be distributed to the appropriate parties, thereby completing the sale.

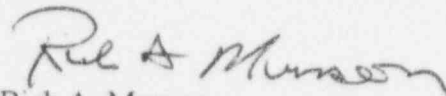
Both EFN and IUSA confirm that they are aware of, and will comply with, all license and regulatory requirements concerning public health and safety for the White Mesa Mill through the entire Closing period. As has been the case with EFN, IUSA is committed to a program which places primary emphasis on protection of the public health and safety. EFN is pleased to advise the NRC that employment arrangements are being finalized between IUSA and EFN employees that will confirm the expectation that there would be no substantive changes in the operation, managerial organization or critical personnel at the White Mesa Mill.

We understand and appreciate that the process outlined herein adds to the workload of the NRC staff. However, after extensive effort and review, we have been unable to create any mechanism other than the one outlined above that provides the necessary protections to EFN, IUSA, Union Carbide/Umetco, Van-American and the agencies involved.

Charles L. Cain
United States Nuclear Regulatory Commission
April 27, 1997
Page 5

As always, we are available at your convenience to discuss the contents of this letter or any other issue with respect to the transfer of the Source Materials Licenses.

Sincerely,



Rich A. Munson
Corporate Counsel

RAM/dpb
enclosures

| | | | |
|--------------|------------------------|---------------------|-----------------------|
| cc (w/enc.): | Harold R. Roberts | Fax: (303) 595-0930 | Phone: (303) 623-8317 |
| | Michelle R. Rehmann | Fax: (303) 595-0930 | Phone: (303) 623-8317 |
| | Earl E. Hoellen | Fax: (303) 389-4125 | Phone: (303) 628-7798 |
| | Marilyn Nixon, Esq. | Fax: (303) 629-3450 | Phone: (303) 629-3400 |
| | David C. Frydenlund | Fax: (303) 389-4125 | Phone: (303) 628-7798 |
| | Henry W. Ipsen, Esq. | Fax: (303) 860-0200 | Phone: (303) 860-7000 |
| | Duncan E. Barber, Esq. | Fax: (303) 860-0200 | Phone: (303) 860-7000 |
| | Rick L. Thomas, Esq. | Fax: (606) 225-1020 | Phone: (606) 225-1010 |
| | Neil Fairweather, Esq. | Fax: (606) 225-1020 | Phone: (606) 225-1010 |
| | Sarah Finn | Fax: (303) 753-2099 | Phone: (303) 753-2000 |

[NRC LETTERHEAD]

ADVICE OF TRANSFER

TO: Energy Fuels Nuclear, Inc.
1515 Arapahoe Street, Suite 900
Denver, Colorado 80202

Attn: Rich A. Munson
Facsimile: (303) 595-0930

International Uranium (USA) Corporation
Independence Plaza, Suite 950
1050 Seventeenth Street
Denver, Colorado 80265

Attn: Earl E. Hoellen
Facsimile: (303) 389-4125

Umetco Minerals Corporation
Union Carbide Corporation
c/o Holme Roberts & Owen
1700 Lincoln
Suite 4100
Denver, CO 80203

Attn: Henry W. Ipsen, Esq.
Duncan E. Barber, Esq.
Facsimile: (303) 866-0200

FROM: United States Nuclear Regulatory Commission
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards
Washington, DC 20555-0001

Gentlemen: A request, dated December 31, 1996, to transfer (the "Transfer Request") Source Materials License No. SUA-1358 for the White Mesa uranium mill from Energy Fuels Nuclear, Inc. ("EFN") to International Uranium (USA) Corporation ("IUSA") has been received and processed by the United States Nuclear Regulatory Commission ("NRC").

The NRC hereby advises EFN, IUSA and Union Carbide/Umetco that, pursuant to Title 10 of the Code of Federal Regulations, Section 40.46, the NRC finds that the Transfer Request for the referenced Licenses is in accordance with the terms of the Atomic Energy Act of 1954, as amended.

The NRC has received from IUSA, under cover letter dated _____, 1997, copies of (i) a Standby Trust Agreement and (ii) a Reclamation Performance Bond, in the amount of

\$10,915,467.00 as financial assurance for the activities specified in the NRC-approved Reclamation and Decommissioning Plan for the White Mesa Uranium Mill.

Please be advised that upon receipt by the NRC of the original executed and effective Standby Trust Agreement and the original executed and effective Reclamation Performance Bond in the amount of \$10,915,467.00, for the White Mesa Uranium Mill, the NRC will execute and deliver to a representative of EFN and IUSA: (i) a Receipt in the form attached hereto as Exhibit A and (ii) an Acknowledgment in the form attached hereto as Exhibit B. The NRC will also deliver to the representative of EFN and IUSA the original copy of the Letter of Credit described in the Acknowledgment.

Dated this ____ day of _____, 1997.

United States Nuclear Regulatory Commission
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards

By: _____
Charles L. Cain, Acting Chief

licensee and modify the surety arrangement. All other conditions of License SUA-1358 shall remain the same. License SUA 1358 will be reissued to incorporate the referenced amendments.

DATED this ____ day of May, 1997.

United States Nuclear Regulatory Commission
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards

By: _____
Charles L. Cain, Acting Chief

**EXHIBIT B
TO
ADVICE OF TRANSFER**

[NRC LETTERHEAD]

ACKNOWLEDGMENT

TO: UMETCO MINERALS CORPORATION, a Delaware corporation
UNION CARBIDE CORPORATION, a New York corporation
THE BANK OF NEW YORK, a New York banking corporation

RE: TERMINATION OF STANDBY TRUST AGREEMENT
AND RELEASE OF FINANCIAL ASSURANCE

Gentlemen:

The United States Nuclear Regulatory Commission ("NRC"), an agency of the United States Government, hereby acknowledges receipt of a financial assurance arrangement from International Uranium (USA) Corporation for the facilities and cost estimates identified in Source Material License SUA-1358, for the White Mesa Uranium Mill. This financial assurance arrangement replaces in its entirety the Standby Trust Agreement, dated as of May 16, 1994 (the "Umetco Standby Trust"), between Umetco Minerals Corporation ("Umetco"), as Grantor, and The Bank of New York, as Trustee, in favor of the NRC.

The NRC, as beneficiary of the Umetco Standby Trust, hereby unconditionally and irrevocably releases Umetco and The Bank of New York from any and all obligations under the (i) Umetco Standby Trust and (ii) the irrevocable letter of credit issued by The Bank of New York for the benefit of the NRC in the amount of \$10,915,467.00. The original copy of the letter of credit is hereby tendered.

This Acknowledgment also serves to unconditionally and irrevocably release Umetco and Union Carbide Corporation from any and all past, present or future obligations under Source Materials License SUA-1358.

DATED this ____ day of May, 1997.

United States Nuclear Regulatory Commission
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards

By: _____
Charles L. Cain, Acting Chief