



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 8, 1997

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

SUBJECT: NOTICES OF VIOLATION - RENO CREEK AND WHITE MESA FACILITIES

Dear Mr. Roberts:

This refers to a review of the Energy Fuels Nuclear, Inc. (EFN) Reno Creek, Wyoming, and White Mesa, Utah, licensing files, including: (1) the Reno Creek submittal dated January 8, 1997, and (2) the White Mesa submittal dated November 29, 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-1553 (Reno Creek) and Source Material License SUA-1358 (White Mesa). Two Notices of Violation (NOVs) are included as enclosures to this letter. The violations stem from surety-related matters for the Reno Creek and White Mesa sites.

The Reno Creek surety violation results from your failure to request NRC authorization prior to decreasing the currently approved surety as required by License Condition No. 12. The currently approved surety shall "be continuously maintained in an amount no less than \$142,890.00 for the purpose of complying with 10 CFR Part 40, Appendix A, Criterion 9, until a replacement is authorized by both the State and the NRC." Following its annual Reclamation Performance Bond review the State of Wyoming Department of Environmental Quality (State) notified EFN by letter of November 13, 1996, that EFN had the option, within 45 days, of: (1) either maintaining the currently authorized NRC/State surety bond of \$142,890.00, or (2) decreasing the bond by \$4,658.00. EFN failed to request NRC approval to reduce the bond value to be consistent with the State-accepted value. Rather, EFN permitted the bond to be decreased on December 30, 1996, and set at an amount (\$138,232.00) which is \$4,658.00 less than the currently approved surety of \$142,890.00. The State letter of November 13, 1996, clearly indicates that reduction of the currently approved surety bond is elective, not mandatory. EFN informed NRC by letter of January 8, 1997, of its having permitted the surety bond to be reduced. Although the sequence of events in previous years leading to NRC's approval of the surety bond has included: (1) bond approval by the State, (2) revision of the bond amount, and (3) NRC review of the revised, approved bond as acceptable, the previous annual surety bond amounts as determined by the State resulted in an increase of the bond, not a decrease. NRC would obviously have no objection to the State having increased the surety bond to an amount exceeding the amount previously authorized by both the State and by the NRC. As required by License Condition No. 12, any decrease in the currently-approved surety is to be approved by the NRC prior to reduction.

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The White Mesa surety violation results from your failure to submit a revised surety instrument within three months of NRC's written approval as required by License Condition No. 20 to SUA-1358. This approval was provided to EFN by letter dated August 8, 1996. An original copy of the revised surety was not provided to NRC by EFN until November 29, 1996, three months and three weeks following NRC's written approval.

Your failures to meet the required surety-related license conditions are not acceptable. NRC expects future surety-related submittals as well as all other activities to be in full compliance with your licenses.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notices 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 the Notices 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 Reno Creek Project Manager, Mr. Harold E. Lefevre, at (301) 415-6678 or the NRC White Mesa Project Manager, Mr. James R. Park, at (301) 415-6699, as appropriate.

Sincerely,

(Original signed by)

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: L51487

Enclosures: 1) Notice of Violation - Reno Creek Surety  
2) Notice of Violation - White Mesa Surety

cc: G. Mooney, Wyoming DEQ/LQD  
W. Sinclair, Utah DRC  
M. Socolof, ORNL

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