



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 9, 1997

40-8631
40-9024

Earl E. Hoellen, President
International Uranium (USA) Corporation
Independence Plaza, Suite 950
1050 Seventeenth Street
Denver, Colorado 80265

SUBJECT: TRANSFER OF NRC SOURCE MATERIAL LICENSES SUA-1358 FOR THE
WHITE MESA URANIUM MILL (AMENDMENT 2, AND NRC SOURCE
MATERIAL LICENSE SUA-1558 FOR THE RENO CREEK PROJECT
(AMENDMENT 4)

Dear Mr. Hoellen:

The U.S. Nuclear Regulatory Commission staff hereby acknowledges receipt from International Uranium (USA) Corporation of the following Standby Trust Agreement and Reclamation Performance Bond (collectively, the "Bond Documents") in satisfaction of the financial assurance requirements for the White Mesa Uranium Mill, as set forth in NRC Source Material License SUA-1358:

Standby Trust

Grantor: International Uranium (USA) Corporation
Trustee: Norwest Bank Colorado, N.A.
Beneficiary: United States Nuclear Regulatory Commission

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Reclamation Performance Bond

Principal: International Uranium (USA) Corporation (IUSA)
Issuer: National Union Fire Insurance Company of Pittsburgh, PA
Bond Number: 18-23-17

The NRC staff has reviewed the Bond Documents and finds the proposed financial surety arrangement to be acceptable. This completes the financial surety requirements for the transfer of Source Material License SUA-1358 for the White Mesa Uranium Mill from Energy Fuels Nuclear, Inc. (EFN) to International Uranium (USA) Corporation (IUSA).

Additional details of EFN's December 31, 1996, request to transfer NRC Source Material Licenses SUA-1358 for the White Mesa mill and Source Material License SUA-1558 for the Reno Creek Project are discussed in the NRC staff's Technical Evaluation Report (TER). Additional information was provided by EFN and IUSA by letter dated April 27, 1997, by facsimile, and finally by hand-delivery on May 9, 1997. The TER documents the basis for the NRC staff's evaluation of the amendment request and is provided as Enclosure 1.

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The NRC staff reviewed EFN's request in accordance with 10 CFR Part 40, Appendix A, requirements, NRC Information Notice 89-25 (Revision 1), and NRC staff guidance on financial surety arrangements. Based on its review, the NRC staff finds the proposed license transfers to be acceptable, and this letter is evidence of the consent of the NRC to such transfers.

Therefore, pursuant to Title 10 of the Code of Federal Regulations, Part 40, Source Material License SJA-1358 is hereby amended by revising License Condition Nos. 1, 2, 9.3, and 9.5, and Source Material License SUA-1558 is hereby amended by revising License Condition Nos. 1, 2, 9, and 12. All other conditions of these licenses shall remain the same. The enclosed licenses are being reissued to incorporate the above modifications (Enclosures 2 and 3). An environmental review was not performed since these are administrative actions which are categorically excluded under 10 CFR 51.22(c)(11).

If you have any questions concerning this letter or the enclosures, please contact Mr. James Park of my staff, at (301) 415-6699.

Sincerely,

(Original signed by)

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

Docket Nos. 40-8681, 40-9024
License Nos. SUA-1358, SUA-1558
Case Closed: L51489

Enclosures: As stated (3)

cc: H. Roberts, EFN
W. Sinclair, UT

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OFC	URB	E	LLDP	C	OGC	C	URB	C
NAME	JPark <i>JPP</i>		RTurtill <i>R</i>		RFonner* * by email		JHolonich <i>JH</i>	
DATE	5/8/97		5/8/97		5/8/97		5/9/97	

OFFICIAL RECORD COPY

Enclosure 1

Technical Evaluation Report
for Request of License Transfer
Source Material License Nos. SUA-1358 and SUA-1558

TECHNICAL EVALUATION REPORT
FOR REQUEST FOR LICENSE TRANSFER

DOCKET NOS. 40-8681, 40-9024

LICENSE NOS. SUA-1358, SUA-1558

LICENSEE: Energy Fuels Nuclear, Inc.

FACILITIES: White Mesa Uranium Mill
Reno Creek Project

PROJECT MANAGERS: James Park
Harold Lefevre

SUMMARY AND CONCLUSIONS:

The U.S. Nuclear Regulatory Commission staff has reviewed Energy Fuels Nuclear, Inc.'s (EFN's) request to transfer NRC Source Material Licenses SUA-1358 and SUA-1558 to International Uranium (USA) Corporation (IUSA), as submitted by EFN's letter dated December 31, 1996. Additional financial information was provided to the staff by facsimile, with final original copies hand-delivered on May 9, 1997. Based on its review, the NRC staff considers the request for license transfer to be acceptable.

DESCRIPTION OF LICENSEE'S AMENDMENT REQUEST:

By its submittal dated December 31, 1996, EFN requested that NRC Source Material Licenses SUA-1358 and SUA-1558, for the White Mesa Uranium Mill and the Reno Creek Project, respectively, be transferred to IUSA. As part of its submittal, EFN provided the information requested under NRC Information Notice (IN) 89-25, Revision 1 (December 7, 1994) and copies of the signed U.S. Bankruptcy Court Order and the fully executed Asset Purchase Agreement between the appropriate respective parties, for acquisition of substantially all of the Energy Fuels assets.

In addition, by facsimile, representatives for IUSA provided the NRC staff with draft copies of the financial surety arrangement documents, a Surety Trust Agreement and a Reclamation Performance Bond, for the White Mesa mill. Final original copies of these documents were hand-delivered to the NRC staff on May 9, 1997.

TECHNICAL EVALUATION:

The NRC staff has reviewed EFN's license transfer request in accordance with 10 CFR Part 40, Appendix A, requirements, IN 89-25, and appropriate NRC staff guidance on financial surety arrangements.

With the transfer of the licenses, IUSA has stated that it will maintain the same functional organization structure, responsibilities, and qualifications, as those currently in place for both facilities. In addition, there are no planned changes in organization, facility location, equipment,

current operating and emergency procedures, or personnel, for either facility associated with the license transfer. Records at both sites concerning licensed activities and site decommissioning will be transferred to IUSA. Also, there will be no change in the use or storage of any licensed material on site. Finally, IUSA has committed to abide by all commitments and representations previously made to NRC for SUA-1358 and SUA-1558 and by all constraints, conditions, requirements, representations, and commitments included in the existing Source Material Licenses SUA-1358 and SUA-1558.

With respect to the financial surety arrangement for the White Mesa mill, IUSA is proposing to replace the current surety held by NRC (a Letter of Credit issued by The Bank of New York and provided by Umetco Minerals Corporation), with a performance bond issued by National Union Fire Insurance Company of Pittsburgh, PA (National Union). IUSA and its legal counsel drafted the various documents necessary for a complete financial assurance package using recommended language provided in NRC guidance, and as discussed above, provided these drafts by facsimile to the NRC staff. The NRC staff has reviewed and finds acceptable (1) IUSA's draft Standby Trust (including Schedules A, B, and C), (2) its letter of acknowledgement, (3) the draft Performance Bond issued by National Union, and (4) the "Unanimous Written Consent" by IUSA's board of directors consenting to establishment of the surety. Based on NRC staff comments to IUSA's legal counsel, a trustee that is acceptable to NRC, Norwest Bank Colorado, N.A., was selected by IUSA to administer the Standby Trust. In addition, the NRC staff determined that National Union is listed in the Department of the Treasury's most recent Circular 570, as an acceptable insurance company.

The NRC staff has reviewed the final original copies of the Standby Trust and the Performance Bond, provided on May 9, 1997, and finds these documents to be acceptable.

IUSA did not provide a replacement financial surety arrangement for the Reno Creek Project. EFN's currently approved surety, a reclamation performance bond issued in favor of the State of Wyoming, will remain in effect until the State of Wyoming approves of a replacement provided to the State by IUSA.

Therefore, based on its review, the NRC staff finds acceptable the transfer of NRC Source Material Licenses SUA-1358 and SUA-1558 from EFN to IUSA, as requested.

RECOMMENDED LICENSE CHANGE:

Pursuant to Title 10 of the Code of Federal Regulations, Part 40, Source Material License SUA-1358 is amended by revising License Condition Nos. 1, 2, 9.3, and 9.5, as follows:

1. International Uranium (USA) Corporation
2. 6425 S. Highway 191
P.O. Box 809
Blanding Utah 84511
- 9.3 The licensee shall conduct operations in accordance with statements, representations, and conditions contained in the license renewal application submitted by letter dated

August 23, 1991, as revised by submittals dated January 13, and April 7, 1992, November 22, 1994, July 27, 1995, December 13, and December 31, 1996, and January 30, 1997, which are hereby incorporated by reference, and for the Standby Trust Agreement, dated April 29, 1997, except where superseded by license conditions below.

Whenever the word "will" is used in the above referenced documents, it shall denote a requirement.

- 9.5. The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination of the mill and mill site, for reclamation of any tailings or waste disposal areas, ground-water restoration as warranted and for the long-term surveillance fee. Within three months of NRC approval of a revised reclamation/decommissioning plan, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly approved plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within 3 months of written NRC approval.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC at least 3 months prior to the anniversary date which is designated as June 4 of each year. If the NRC has not approved a proposed revision to the surety coverage 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing surety arrangement for 1 year. Along with each proposed revision or annual update, the licensee shall submit 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 fee, changes in engineering plans, activities performed and any other conditions affecting estimated costs for site closure. The basis for the cost estimate is the NRC approved reclamation/decommissioning plan or NRC approved revisions to the plan. The previously provided guidance entitled "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates" outlines the minimum considerations used by the NRC in the review of site closure estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

The currently approved surety instrument, Performance Bond 18-23-17, issued by National Union Fire Insurance Company in favor of the NRC, and the associated Standby Trust Agreement, dated April 29, 1997, shall be continuously maintained in an amount not less than \$10,915,467 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC.

In addition, pursuant to Title 10 of the Code of Federal Regulations Part 40, Source Material License SUA-1558 is amended by revising License Condition Nos. 1, 2, 9, and 12, as follows:

1. International Uranium (USA) Corporation

2. Independence Plaza, Suite 950
1050 Seventeenth Street
Denver, Colorado 80265

9. For use in accordance with statements, representations, and conditions contained in the license application dated July 19, 1993, and by page changes submitted on: 08/06/96 and 12/31/96.

Whenever the word "will" is used in the above referenced sections, it shall denote a requirement.

12. The licensee shall maintain an NRC-approved surety arrangement, consistent with 10 CFR Part 40, Appendix A, Criterion 9, adequate to cover the estimated costs, if accomplished by a third party, for disposal of the resin. Annual updates to the surety amount, required by 10 CFR Part 40, Appendix A, Criterion 9, shall be provided to the NRC at least three months prior to August 16, 1994, and in each successive year. Financial surety coverage for the full amount of the NRC-approved decommissioning cost estimate shall not lapse for any time period prior to license termination.

Along with each proposed revision or annual update, the licensee shall submit 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 the 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.

The International Uranium (USA) Corporation currently approved surety, a reclamation performance bond No. 6101906886, issued by the U.S. Fire Insurance Company in favor of the State of Wyoming, 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.

ENVIRONMENTAL IMPACT EVALUATION:

An environmental review was not performed since these actions are administrative actions which are categorically excluded under 10 CFR 51.22(c)(11).

Enclosure 2

NRC Source Material License No. SUA-1358, Amendment No. 2