

JOHN BARRASSO M.D.
WYOMING

207 SENATE SENATE CHIEF BUILDING
WASHINGTON, DC 20510
202-224-6441

United States Senate

1045344
COMMITTEE
ENERGY AND NATURAL RESOURCES
ENVIRONMENT AND PUBLIC WORKS
FOREIGN RELATIONS
INDIAN AFFAIRS
RANKING

December 21, 2010

President Barack Obama
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President:

I am contacting you to express my strong concerns regarding the Nuclear Regulatory Commission's (NRC) recent decision to approve the sale of American uranium reserves to Atomredmetzoloto (ARMZ).

ARMZ is owned by the Russian government and has sought to acquire a controlling stake in the Canadian owned Uranium One, Inc. This transaction would give the Russian government control over a sizable portion of America's uranium production capacity. Equally alarming, this sale gives ARMZ a significant stake in uranium mines in Kazakhstan.


As you know, Russia has a disturbing record of supporting nuclear programs in countries that are openly hostile to the United States. Russia has directly aided Iran's nuclear development and agreed on October 15, 2010 to help develop Venezuela's nuclear program. This record is at great odds with our own national security.

America's national and energy security must be paramount in any future decisions by your administration. As was communicated to the NRC by my staff prior to the sale, I remain concerned with any attempt to grant an export license to ARMZ which would allow the Russian government to ship U.S. uranium overseas. I would request immediate notification should ARMZ file for a license with the NRC to export U.S. uranium.

In light of this recent NRC decision, developing U.S. uranium is critical. The U.S. imports nearly 90 percent of the uranium used in America's nuclear power plants. Currently more than a dozen license applications are pending with the NRC for uranium mines in Wyoming. These delayed applications, dating back as far as 2007, are unacceptable. I ask that you work with me to ensure an active and strategic domestic uranium industry that lessens our dangerous dependence on foreign imports.

Thank you for your attention to this pressing matter.

Sincerely,


John Barrasso, MD
United States Senator

100 EAST 9 STREET
SUITE 200
CASPER, WY 82402
307-261-6413

2125 CAPITOL AVENUE
SUITE 2012
CHEYENNE, WY 82001
307-773-2451

225 WEST MAIN STREET
SUITE F
RUSHCROFT, WY 82501
307-858-6642

2632 FOOTBALL BOULEVARD
SUITE 101
ROCK SPRING, WY 82501
307-362-0012

2 NORTH MAIN STREET
SUITE 206
SHERIDAN, WY 82801
307-672-6456

WYOMING
TOLL FREE
1-800-235-9553
WWW.BARRASSO.SENATE.GOV

March 21, 2011

The Honorable John Barrasso
United States Senate
Washington, D.C. 20510

Dear Senator Barrasso:

I am responding to your December 21, 2010, letter to President Barack Obama regarding the uranium recovery licenses in Wyoming now controlled by JSC Atomredmetzoloto (ARMZ), a Russian corporation.

Last November, the U.S. Nuclear Regulatory Commission (NRC) approved the transfer of control of the licenses from Uranium One USA, Inc. and Uranium One Americas, Inc. to ARMZ. At that time, we determined that the U.S. subsidiaries of Uranium One Inc. (the formerly Canadian, now Russian-owned firm that is the parent of the two U.S. subsidiaries) would remain the licensees and continue to be qualified to conduct the uranium recovery operations. As a condition of our approval, we required the licensees to notify the NRC before ARMZ appoints, hires, or designates personnel to perform NRC-licensed activities.

Once fully operational, the ARMZ licenses will represent approximately 20 percent of the currently licensed uranium in-situ recovery production capacity in the U.S. The licensed Willow Creek facility (formally known as Irigaray and Christensen Ranch) is expected to start producing uranium in 2011, and the licensed Moore Ranch facility is in the initial stages of construction.

At this time, neither Uranium One Inc. nor ARMZ holds a specific NRC export license. In order to export uranium from the United States, Uranium One, Inc. or ARMZ would need to apply for and obtain a specific NRC license authorizing the export of uranium for use in reactor fuel. Before issuing such a license, the NRC would have to determine that the proposed export would not be inimical to the common defense and security of the United States. Under existing NRC regulations, this means that any uranium proposed for export to Russia for use in nuclear fuel would be made subject to the U.S.-Russia Atomic Energy Act Section 123 agreement for peaceful nuclear cooperation and confirmed in case-specific, government-to-government assurances for each proposed export. Russia would be required to commit to use the material only for peaceful purposes (not for development of any nuclear explosive device), to maintain adequate physical protection, and not to retransfer it to a third country or alter it in form or content without the prior consent of the U.S.

Every application submitted to the NRC for a specific export or import license is made available to the public on the NRC's web site, and the NRC welcomes public comment on such applications. Our regulations outline in detail procedures for public participation concerning these license applications.

As you note in your letter, there is considerable interest in the area of uranium recovery, and we are now expecting as many as 16 new applications by 2013 for new recovery facilities or for expanding existing uranium recovery facilities, in addition to those we have already received. Since October 2007, we have received seven new facility applications (six in Wyoming) and four applications to expand or restart an existing facility. Of the new facility applications received, one has been licensed, two are nearing completion of their reviews and licensing decisions are expected in 2011, two others are under review, one has been deferred at the applicant's request, and one was withdrawn. Of the four expansions and restarts, we authorized the restart of the Uranium One Inc., Willow Creek facility in Wyoming, which had ceased operations in 2000, and authorized a plant upgrade for another licensee. The remaining two expansion applications are under review. For future reference, the NRC maintains the status of its application reviews on the agency's web site.

Under its governing statutes, the NRC regulates to assure the safe use of nuclear materials, but does not have a role in promoting any particular use of those materials. With respect to your request for cooperation with the Executive Branch in fostering a robust domestic uranium industry, the Department of Energy would be the agency responsible for such concerns. If you need any additional information, please contact me or Ms. Rebecca Schmidt, Director of the Office of Congressional Affairs, at (301) 415-1776.

Sincerely,

/RA/

Gregory B. Jaczko

Willow Creek Uranium Recovery Project

Site Location and Facility Description

The Willow Creek Project, formally known as Irigaray and Christensen Ranch, is composed of two distinct sites (Figure 1). The Irigaray site (Figure 2) contains the Irigaray central processing plant (CPP) and wellfields and is located in southeast Johnson County, approximately 10 miles northeast of Sussex, Wyoming; 43 miles southeast of Buffalo, Wyoming; and 90 miles north-northeast of Casper, Wyoming. The Christensen Ranch site satellite operation (Figure 3) contains an ion exchange plant and wellfields and is located along the Campbell Johnson County boundary, about 30 miles north-northeast of the town of Midwest, Wyoming, and 50 miles southwest of Gillette, Wyoming. The Willow Creek Project contains approximately 15,000 acres of land—half is privately owned and half is owned by Bureau of Land Management and the State of Wyoming. Active uranium recovery operations restarted at the Willow Creek Project in December 2010.

Processing facilities include the Irigaray CPP, which contains an average 2,400 gallons per minute ion exchange plant and the resin elution, precipitation, and drying/packing circuits. Drying capability at the Irigaray CPP is equivalent to approximately 2.5 million pounds throughput per year. The Christensen Ranch satellite extraction plant consists of an ion exchange circuit, which will be operated at a maximum flow rate of 9,000 gallons per minute on an annual average, and a lixiviant makeup circuit. Resins are shipped to the Irigaray CPP for elution, precipitation, and drying.

At the Irigaray site, restoration of wellfield mine units 1 through 9 has been completed and the U.S. Nuclear Regulatory Commission (NRC) approved the groundwater restoration in September 2006. All wells in mine units 1 through 6 have been sealed and abandoned, the wellheads and surface piping have been removed, and the restoration building is currently being used for storage. In mine units 7, 8, and 9, the wellfield buildings, buried trunklines, and manholes have been removed. Also, the buried pipelines leading to each well in Unit 7 have been removed, but a few wellheads remain to mark the locations of existing buried piping in Units 8 and 9.

At the Christensen Ranch site, production activities were completed in mine units 2 through 6 in June 2000. Groundwater restoration and stabilization in mine units 2 through 6 was completed in May 2005. A report on groundwater restoration was submitted to NRC in April 2008. The NRC completed its review of the groundwater restoration efforts in mine units 2 through 6 in October 2012, but did not approve groundwater restoration at the Christensen Ranch site. Prior to the resumption of operations, the floor of the plant building was repaired, the plant equipment was refurbished, and the control room was remodeled. Four lined evaporation ponds remain at the site (Figure 3).

Two deep disposal wells are used for liquid waste disposal at the Christensen Ranch site. In addition, two additional deep disposal wells are licensed for the Christensen site under license SUA-1341, but have not been drilled.

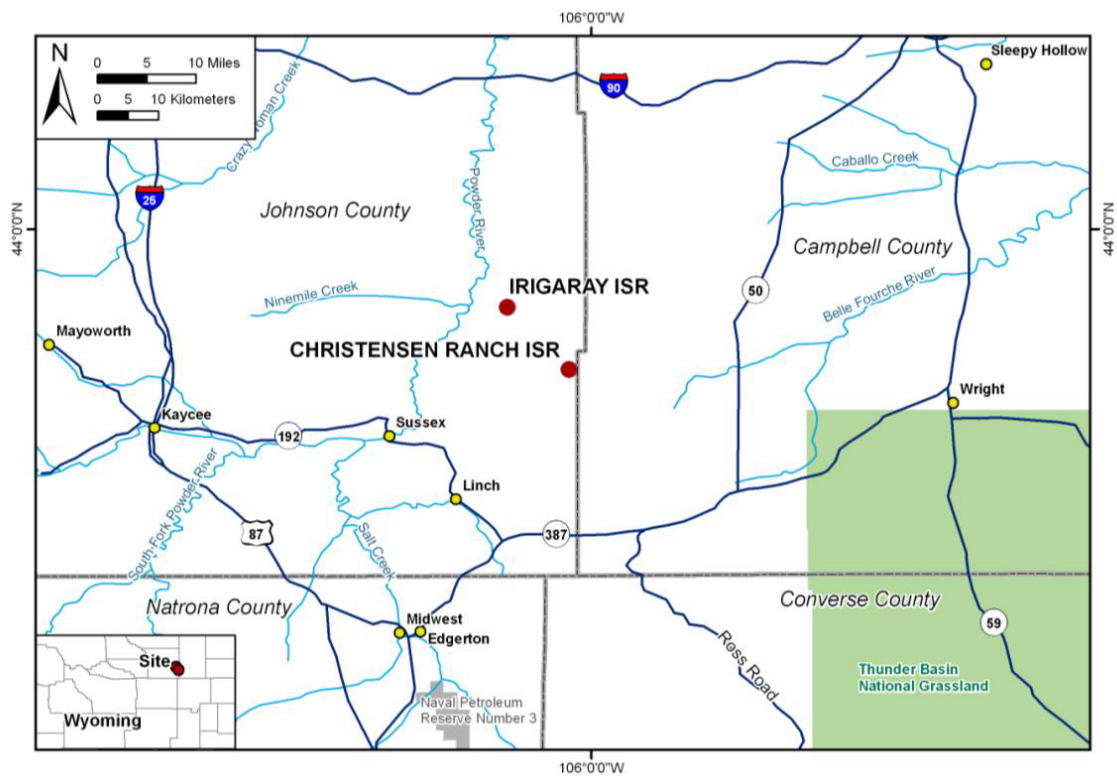


Figure 1. Willow Creek Project, Irigaray and Christensen Ranch Uranium Recovery Site Location Map

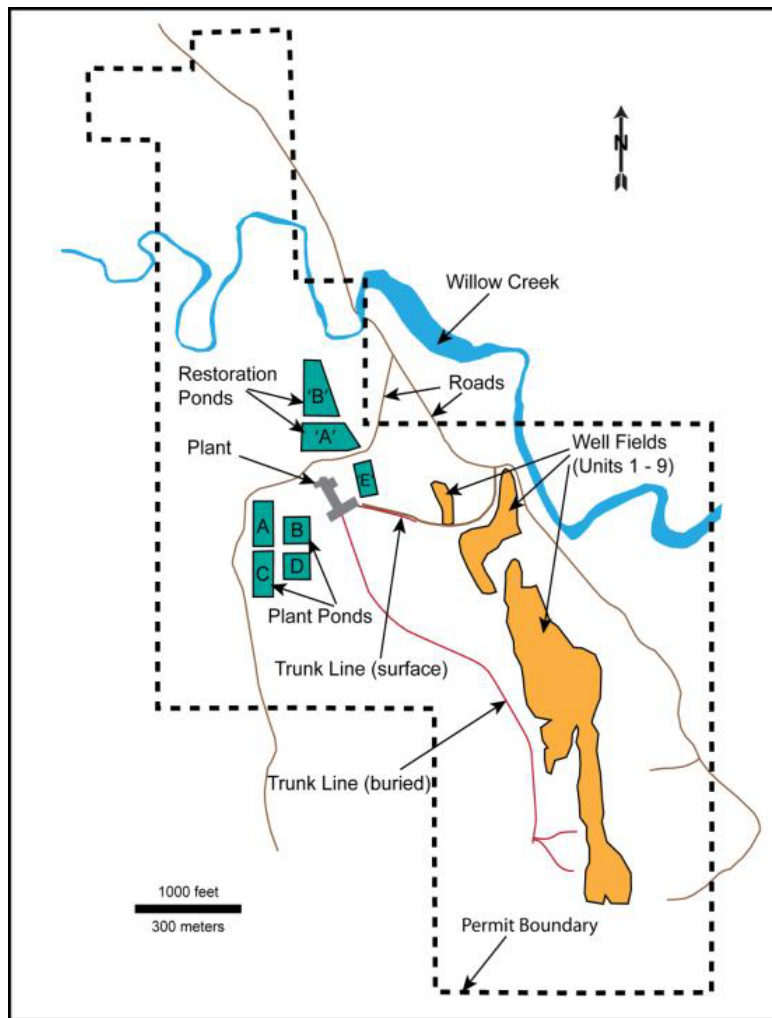


Figure 2. Irigaray Site Layout¹

¹ COGEMA Mining, Inc. — Irigaray and Christensen Ranch Projects: Annual Report. Mills, Wyoming: COGEMA Mining, Inc. 2009.

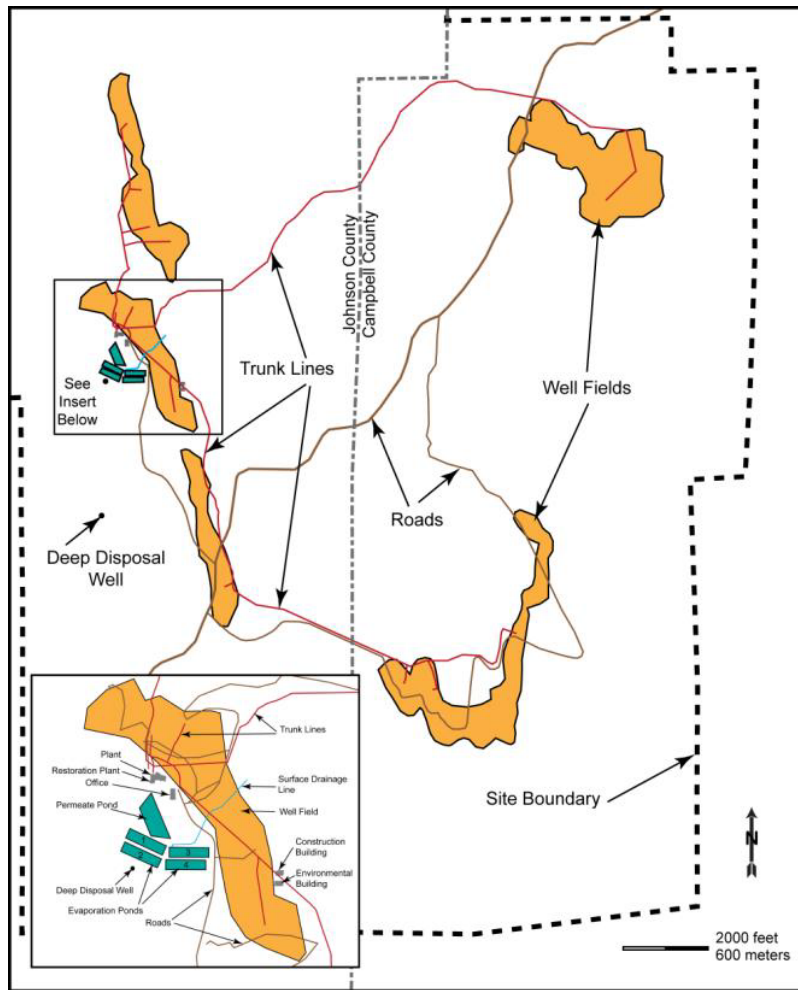


Figure 3. Christensen Ranch Site Layout²

² Ibid.

Facility Licensing and Operating History

The Irigaray site was originally acquired and operated by Wyoming Mineral Corporation, a subsidiary of Westinghouse Electric Corporation, in August 1978. Malapai Resources Company, a subsidiary of Arizona Public Service, purchased the Irigaray site from Westinghouse in June 1987 and incorporated the Christensen Ranch site under the same license in 1988. The source material license SUA-1341 was originally issued to Wyoming Mineral Corporation in November 1978. Prior to issuance of the commercial license, Wyoming Mineral Corporation was granted source material license SUA-1204 in July 1974, authorizing a research and development uranium recovery operation at the Irigaray site. The Irigaray project was licensed to operate at an 800 gallon per minute flow rate, using an ammonium bicarbonate lixiviant. Additionally, the use of sodium bicarbonate was discontinued in the uranium precipitation cycle in the processing plant in favor of precipitation with hydrogen peroxide. In 1982, operations ceased at the Irigaray plant and wellfields, and the facility was placed on standby status pending improvements in the uranium market.

In 1987, Malapai Resources Company purchased the Irigaray site and resumed operations. In 1988, NRC approved an amendment request from Malapai Resource Company to include the Christensen Ranch satellite ion exchange plant and the associated wellfields. The Irigaray process was then upgraded to include facilities for processing ion exchange resin from Christensen Ranch, and the flow rate of the Irigaray recovery plant was increased to 2,400 gallons per minute capacity. Operations under Malapai Resource

Company continued through February 1990. In September 1990, Malapai was sold to Electricité de France (EdF), a French nuclear utility. EdF chose Total Minerals Corporation (TOMIN) to be the operator of the Irigaray and Christensen Ranch projects. Effective September 20, 1990, all state and federal permits and licenses Malapai formerly held were transferred to TOMIN. TOMIN resumed operations of the Malapai properties in 1991. In 1993, another French company, COGEMA Mining Inc. (COGEMA), acquired the ownership of the EdF Malapai properties in Wyoming and Texas and continued the *in-situ* recovery operation until June 2000. At this time, the licensee stopped uranium production and transitioned to wellfield restoration and site decommissioning.

In April 2007, COGEMA requested a return to operational status with essentially the same license conditions that existed in its last operational license before it obtained a possession-only license for restoration and decommissioning. NRC approved the request to return to operating status on September 30, 2008. On January 25, 2010, Uranium One USA, Inc. (Uranium One) completed the purchase of COGEMA, which included the change of control for SUA-1341. The NRC approved the return to active uranium recovery operations at the Willow Creek Project in December 2010. On December 27, 2010, Russian State Atomic Energy Corporation (Rosatom) completed the purchase of Uranium One, Inc., which resulted in a change of control from Uranium One, Inc., the Canadian parent company of Uranium One, to Rosatom.

Groundwater Protection and Airborne Effluent and Environmental Monitoring Program

Four distinct stratigraphic units are recognized in the Powder River Basin as a result of surrounding tectonic activities. These are the Cretaceous Lance Formation, Paleocene Fort Union Formation, Eocene Wasatch Formation,

and Oligocene White River Formation. Surficial geology of the area is made up of Quaternary alluvial and Tertiary Wasatch outcrops. The White River Formation does not exist within the Powder River Basin in the vicinity of the Irigaray and Christensen Ranch sites, except for a thin cap on top of the Pumpkin Buttes. Subsurface geology consists of fluvial deposits of the Wasatch Formation, Fort Union, and Lance Formation. The subsurface Wasatch sediments, which contain the uranium deposits being mined, are a complex, interrelated sequence of shales, mudstones, siltstones, sandstones, and thin lignite coal seams.

Movement of lixiviant, source, and byproduct material is monitored through wells within and surrounding the wellfields. These wells are monitored every 2 weeks during operations. Additionally, all injection wells are required to be tested for mechanical integrity every 5 years to ensure they will not leak lixiviant, source, and byproduct material. Those that fail are taken out of service or repaired.

Willow Creek, which intermittently flows through the Irigaray and Christensen Ranch sites, is sampled quarterly. The water is sampled for eight chemical parameters and five radionuclides. NRC staff reviewed the available surface water samples collected during 2012 and determined that all sample results were less than the 10 CFR Part 20, Appendix B, Table 2, effluent concentration limits for all radionuclides.

The process plants are equipped with a spillage containment system. The curbed plant foundation and sumps

ensure that leaks and spills within the plant should not leave the plant area. Monitoring and inspections ensure that evaporation ponds are not overfilled and that leaks, eroded areas, liner damage, or other potential problems are detected. No transport pathways exist that are likely to bring process solutions into contact with surface water.

Radon concentrations and gamma radiation levels are measured quarterly at several environmental stations on the Irigaray and Christensen Ranch sites. Uranium fines released during drying and packaging of yellowcake are limited by a stack scrubber and filtration system, and routine monitoring is conducted for airborne uranium particulates. These particulates were controlled within required limits during past production. Radioactive particulates within the buildings, the dryer facility, and the perimeter of the site are monitored and controlled within the required radiological limits. During dryer operations, the licensee is required to perform dryer stack emissions tests and continuous airborne radionuclide sampling.

For 2012, gamma radiation measured at various locations around both the Irigaray and Christensen Ranch sites were found to be below the annual dose limit to members of the public of 100 millirems.

Additional Information

For more information about the Willow Creek Project, visit the NRC uranium recovery website at <http://www.nrc.gov/info-finder/materials/uranium/> or contact the NRC facility project manager, Ron Linton, at (301) 415-7777 or ron.linton@nrc.gov.