

October 3, 2007

Mr. Oscar Paulson
Facility Supervisor
Kennecott Uranium Company
P.O. Box 1500
Rawlins, WY 82301-1500

SUBJECT: LICENSE AMENDMENT NO. 26 - 2007 ANNUAL SURETY UPDATE,
KENNECOTT URANIUM COMPANY, SWEETWATER URANIUM PROJECT,
SWEETWATER COUNTY, WYOMING, SOURCE MATERIALS LICENSE SUA-
1350 (TAC J00530)

Dear Mr. Paulson:

By letter dated July 19, 2007, the Kennecott Uranium Company (KUC) submitted its annual surety update for the Sweetwater Uranium Project to U.S. Nuclear Regulatory Commission (NRC) staff. This surety update consists of the 2006 surety amount (\$8,349,000) adjusted for inflation using the Consumer Price Index - All Urban Consumers (CPI) for May 2006 (202.5) and May 2007 (207.949). Using the aforementioned CPI values, the new surety amount is \$8,575,000.00. NRC staff approves the new surety amount and has amended License SUA-1350, License Condition (LC) 9.7, to reflect this new surety amount. In addition, LC 9.2 was amended to revise the NRC Mailstop.

This surety update is a licensing action covered by 10 CFR 51.22 (c)(10)(i), and is thus not subject to environmental review requirements. If you have any questions, please contact Mr. Stephen J. Cohen, KUC Project Manager, at 301-415-7182 or, by email, at sjc7@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Keith I. McConnell, Deputy Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 40-8584
License No.: SUA-1350

Enclosure: License Amendment No. 26

cc: M. Thiesse, WDEQ

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Keith I. McConnell, Deputy Director
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(CLOSES TAC J00530)

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