

February 16, 2001

Mr. Mark S. Pelizza, President
Hydro Resources, Inc.
12750 Merit Drive
Suite 720, LB 12
Dallas, TX 75251

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION CONCERNING RESTORATION
COSTS FOR HYDRO RESOURCES IN-SITU URANIUM MINING PROJECT

The U S. Nuclear Regulatory Commission (NRC) staff has reviewed the Hydro Resources, Inc. (HRI) "Church Rock Section 8/Crownpoint Process Plant Restoration Action Plan," dated November 17, 2000, and the "Reply of Hydro Resources, Inc. ("HRI") to Intervenor's Response to HRI's Cost Estimates for Decommissioning and Restoration Action Plan," dated January 22, 2001. The requests for additional information (RAI's) are listed in the enclosure. HRI should respond to the RAI's by March 16, 2001, and revise the Restoration Action Plan as necessary.

Please contact Ken Hooks, the NRC Project Manager for the Hydro Resources, Inc. site, at 301- 415-7777 or by e-mail at krh1@nrc.gov, if you have any questions concerning this letter or the enclosure.

In accordance with 10 CAR 2.790 of the NRC's "Rules of Practice," a copy of this letter and the enclosure will be available electronically for public inspection in the NRC Public Document Room or from the PUBLICLY Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Philip Ting, Chief
Fuel Cycle Licensing Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8968
License No.: SUA-1580

Enclosure: Request for Additional Information
cc: See attached mailing list

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REQUEST FOR ADDITIONAL INFORMATION
HYDRO RESOURCES, INC. IN-SITU URANIUM MINING PROJECT

1. **Groundwater Sweep** - Groundwater sweep is not included in the Restoration Action Plan (RAP). It is the staff's experience that groundwater sweep is included in surety estimates of all other in situ leach operations licensed by the NRC. Groundwater sweep was also part of the Mobil Section 9 pilot test. The staff considers that groundwater sweep aids groundwater quality restoration by removing lixiviant that may have moved between the well field and the horizontal monitor wells.

Explain how HRI's RAP will adequately remove lixiviant between the well field and the horizontal wells or propose an acceptable alternative that will also restore this area and include cost estimates.

2. **Building and Surface Cleanup** - The cost itemization for buildings in RAP Appendix 7 does not include any costs for radiation surveys or monitoring during decommissioning. For surface reclamation in RAP Appendix 8, radiation survey costs are for 6 acres of soil around the plant. The estimate does not include surveys of the pond areas, the required QA/QC, and preparation of the final survey plan or report. Areas of pipe leaks, spills, well field pipelines, etc. might need to be surveyed, and costs estimated.

The reference to the Texas Regulatory Guide for survey procedures is not appropriate for an NRC licensee. HRI should base its estimate for survey procedures on Section 5 of the draft Standard Review Plan NUREG-1620, January 1999.

3. **Well Plugging** - The RAP assumed State of Texas well plugging requirements.

Confirm that HRI's proposed well plugging methodology is acceptable to the New Mexico State Engineer. If the methodology is not acceptable, provide a description of a methodology acceptable to the New Mexico State Engineer and a revised cost estimate.

4. **Back-up Equipment** - Paragraph D.26 of Mr. Pelizza's affidavit dated January 18, 2001 (Reply of Hydro Resources) states that "back up equipment is not proposed or required. In the event of routine or non-routine maintenance or repairs HRI would plan to shut operations down, perform the needed maintenance or repair, and resume operations." However, surety estimates should be based on the assumption that all restoration work will be done by another party and not by HRI personnel.

Explain how maintenance and repair costs included in the RAP, assume the work will be done by another party, or provide a revised cost estimate based on work performed by another party.

5. **Mechanical Integrity Testing** - Paragraph D.29 of Mr. Pelizza's January 18, 2001, affidavit states the "Mechanical Integrity Testing will be conducted as part of routine operations during restoration by the site staff. No additional cost is expected or budgeted."

Explain how no additional cost for equipment or contractor staff are expected or provide these costs.

Enclosure

6. **Brine Reject** - In Paragraph D.9 of Mr. Pelizza's January 18, 2001, affidavit, he stated that the quantity of brine reject from the brine concentrator in the RAP operating tabulation should be raised to 2.5 gpm.

The increase in brine reject should be included in the revised RAP.

7. **Cost Spreadsheet** - In Paragraph E.9 of Mr. Pelizza's January 18, 2001, affidavit, he agrees that HRI will change to a 30-day month in its spreadsheet.

This change should be included in the revised RAP.

8. **Void Factor** - For building and equipment removal, a 30% "void factor" was used in the calculations. The void factor is apparently intended to account for air voids with aggregations of debris. There is no basis reported for the void factor. If voids greater than 30% are generated, surety costs would need to be increased.

Either increase the void factor and provide a basis and cost estimate or provide a rational basis for using the 30% value.

9. **Contingency** - The general 15% contingency will be insufficient for certain phases of demolition and earthwork. Since weather, equipment breakdowns, personnel, and other factors enter into the demolition and earthwork operations, a higher contingency is advised for these line items.

Provide contingency estimates for demolition and earthwork separate from the overall 15%, or justify the use of 15% for these activities.

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