



ROY R. CELLAN
Corporate Manager
Reclamation

ENVIRONMENTAL, HEALTH, SAFETY
AND GOVERNMENT AFFAIRS

March 27, 2002

VIA CERTIFIED MAIL: P 369 601 077

Mr. Melvyn N. Leach, Branch Chief
Fuel Cycle Licensing Branch, NMSS
U.S. Nuclear Regulatory Commission
Mail Stop T-8A33
Two White Flint North
11545 Rockville Pike
Washington, DC 20555-0001

**Re: Docket No. 40-8903
License No. SUA-1471
Financial Surety for 2002**

Dear Mr. Leach:

This letter is to provide notice to the NRC that Homestake Mining Company of California intends to adjust the 2001 financial surety from \$24 million to \$35.3 million. This adjustment is based on a draft closure estimate completed by Homestake in late 2001. The major increase in costs comes from the long term ground water restoration program. The new total amount is calculated to cover the remaining reclamation work at the Grants site from 2002 through 2013.

As required by 10 CFR Part 40, Appendix A, Criteria 9 and 10, I have attached a summary of the reclamation obligations as outlined in the 1993 reclamation plan and a current cost estimate for the remaining reclamation tasks.

Homestake is in the process of preparing the documentation supporting the financial test to demonstrate financial assurance as required by our License No. SUA-1471, License Condition 28 and as specified by 10 CFR Part 40, Appendix A. This information will be submitted to the NRC from our corporate office in time to meet the anniversary date of June 30, 2002.

If you have any questions, please call me at Grants at (505) 287-4456.

Thank you.

Sincerely,

Attachments

cc: Mr. Ken Hooks, NRC Project Manager w/encl
Mr. Blair Spitzberg, NRC w/encl
Mr. Bob Ingersoll, Barrick w/encl

HOMESTAKE MINING COMPANY
P.O. BOX 98 - GRANTS, NM 87020-0011

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**HOMESTAKE MINING COMPANY OF CALIFORNIA
GRANTS PROJECT**

**SUMMARY OF ESTIMATED RECLAMATION COSTS
Financial Surety Forecast for 2002 ¹**

Reclamation Activity	Reclamation Plan Approved 1993	Expended Costs 1993-2001 Plus 2002 Budget	Reclamation Forecasted Remaining Costs 2003 - 2013
Facility decommissioning	1,680,000	2,169,993	1,000,000
Cover & regrade demolished mill area	359,408	1,018,724	0
Contaminated soil cleanup / site recontouring	335,654	8,123,714	0
Ground water monitoring	13,134,373	22,899,348	17,723,300
Well plugging	39,000	0	400,000
Interim stabilization	460,785	2,786,621	0
Recontouring of tailing piles:			
Large pile	3,650,775	4,255,120	0
Small pile	112,936	0	0
Settlement monitoring	35,000	112,225	125,000
Construction of radon barriers (soil covers):			
Borrow area preparation	24,604	109,097	0
Large pile	7,036,281	4,326,584	4,103,348
Small pile	3,683,264	0	1,652,252
Construction of rock cover:			
Produce and stockpile rock	2,090,663	2,360,379	0
Load, haul and place / spread	1,698,559	67,035	594,000
Scour protection trench excavation and backfill	5,608	0	0
Revegetation and fencing:			
Revegetation	450,000	1,741,759	105,200
Fencing	22,035	80,120	0
Levee construction	169,875	151,034	0
Removal collection pond & evaporation pond no. 2	97,735	0	2,000,000
Facility capacity increase	0	1,418,039	0
Long-term surveillance and control	539,000	0	834,000
Radiological survey and environmental monitoring	746,972	3,997,567	985,500
Holding/Severance	0	0	1,421,200
Management / engineering costs for reclamation	900,000	816	3,496,200
Quality control testing	435,000	1,169,802	860,000
Total	\$37,707,527	56,787,977	\$35,300,000

GRANTS RECLAMATION PROJECT**2002 SURETY PERIOD****ESTIMATED COST SUMMARY DETAIL**

Description	Labor	Equipment	Supplies /Elec	SubContr	Total
Ground Water Monitoring	5,636,100		8,757,000	3,330,200	17,723,300
Well Plugging			250,000	150,000	400,000
Interim Stabilization					0
Recontouring Large Pile					0
Settlement Monitoring				125,000	125,000
Constr Radon Barrier Large Pile				4,103,348	4,103,348
Constr Radon Barrier Small Pile				1,652,252	1,652,252
Construction of Rock Cover				594,000	594,000
Revegetation				105,200	105,200
Final Decommission/Pond Removal			250,000	2,750,000	3,000,000
Long Term Surveillance & Control				834,000	834,000
Radiological Survey & Envir Monitor			170,000	815,500	985,500
Management/ Engr costs for Reclam				3,496,200	3,496,200
Quality Control Testing				860,000	860,000
Holding/Severance	824,000			597,200	1,421,200
Total Estimated Cost	6,460,100	0	9,427,000	19,412,900	35,300,000

GRANTS RECLAMATION PROJECT
2002
GROUND WATER RESTORATION PROGRAM
(1,000"s)

DESCRIPTION	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
GROUND WATER RESTORATION													
Labor	449	449	449	449	384	286	286	286	212	156	156	130	3,692
Estimated Annual GW O & M													
Part/Supplies	315	249	217	258	218	205	181	37	25	6	1		1,712
Reagents/Utilities	741	758	758	758	758	754	713	684	42	27	26	26	6,045
Research & Pilot Testing	75	75	50	50	40	20	20	60	60				450
Irrigation Systems O&M	186	38	33	35	50	33	43	43					461
Drilling	100	121	121	155	121	66	66						750
Water Monitoring	80	92	92	92	90	90	78	78	77	25	24	17	835
Well Abandonment							150	150	100				400
Consulting	273	238	238	233	188	188	188	178	178	162	130	75	2,269
General Other	107	165	178	173	157	134	131	25	0	11	15	13	1,109
	2,326	2,185	2,136	2,203	2,006	1,776	1,856	1,541	694	387	352	261	17,723