



Rio Algom

William Paul Goranson, P.E.
Manager, Radiation Safety
Regulatory Compliance and Licensing

Rio Algom Mining LLC
6305 Waterford Boulevard
Suite 400, Oklahoma City 405.858.4807 tel
Oklahoma 73118 405.848.1208 fax

June 21, 2002

Certified Mail P112 459 119
Return Receipt Requested

Dan Gillen, Chief
Fuel Cycle Facilities Branch, NMSS
Mail Stop T-8A33
U.S. Nuclear Regulatory Commission
Washington, DC

**Subject: Ambrosia Lake Facility
License SUA-1473, Docket No. 40-8905
License Condition #22, Annual Surety Update**

Dear Mr. Leach:

Rio Algom Mining LLC submits the following 2002 annual surety update to the source material license referenced above. Rio Algom calculates a new reclamation surety requirement of \$11.925 million and proposes to adjust the reclamation surety to that amount. The new surety uses the 2001 NRC surety as the cost basis and updates the surety to account for inflation through April 2002.

Contained in Appendix A, pursuant to requirements in license condition #22 is a copy of the proposed Irrevocable Letter of Credit No. [REDACTED] to reflect the new proposed reclamation surety amount. The proposed letter of credit and Standby Trust Agreement have been amended to reflect changes requested by NRC in a letter dated September 25, 2001. Should you have any questions regarding this submittal, please contact me at (405) 858-4807.

Sincerely,

William Paul Goranson, P.E.
Manager, Radiation Safety, Regulatory
Compliance and Licensing

Enclosures

CC: Jill Caverly w/attachments (NRC) (Addressee Only, Fuel Cycle Facilities Branch, Mail Stop T-8A33, Two White Flint North, 11545 Rockville Pike, Rockville, MD 20850)
B. Law w/attachments (OKC)
T. Fletcher w/attachments (Ambrosia Lake)
P. Luthiger w/attachments (Ambrosia Lake)
Division of Radiation Safety (NRC/Arlington, TX)

Per J. Maszkiewicz
NMSSol
Public
 bhpbilliton

PART I
RIO ALGOM MINING LLC
2002 NRC APPROVED RECLAMATION SURETY
AMBROSIA LAKE FACILITY - NEW MEXICO - NRC LICENSE SUA-1473

Shown below is the 2002 proposed surety for the Ambrosia Lake facility. During the period since the 2001 approved surety was issued with license amendment #48, reclamation work has been performed, but none of the remaining distinct work units in the surety estimate has been completed. However, the remaining work units have been maintained at their previously approved levels and adjusted for inflation.

Where applicable, the proposed surety utilizes the CPI-U inflation index to adjust cost estimates to current dollars. The revised, calculated reclamation surety is \$11.925 million.

**NRC RECLAMATION SURETY
AMBROSIA LAKE, NEW MEXICO**

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
Cover for Mill Tailings (1988\$)	
Pond 1 Interim Cover	Complete
Pond 2 Interim Cover	Complete
Pond 1 Low Perm Layer	Complete
Pond 1 Radon Barrier Foot 1	Complete
Pond 1 Radon Barrier Foot 2	Complete
Pond 1 Radon Barrier Foot 3	Deleted by Amendment #31
Pond 2 Low Perm Layer	Complete
Pond 2 Radon Barrier Foot 1	Complete
Pond 2 Radon Barrier Foot 2	Complete
Pond 2 Radon Barrier Foot 3	Deleted by Amendment #31
Pond 1 Erosion Cover	Deleted by Amendment #29
Pond 2 Erosion Cover	Deleted by Amendment #29
Pond 3 Cover	Deleted by Amendment #31
SUB-TOTAL	0
Pond 2 Sand Contour	Complete
Pond 2 Fill to Grade South of "R" Line	Complete
SUB-TOTAL	0
Rock Protection	
Pond #1	complete
Pond #2 South-half (closed)	156
Pond #2 North-half (byproduct disposal area)	156
Pond #3	117
SUB-TOTAL	429
Contour and/or Cover:	
Pond 2	Complete
Pond 4	16
Pond 5	6
Pond 7	73
Pond 9	34
Pond 10	4
Interceptor Trench	20
SUB-TOTAL	153

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
Lined Ponds 11-21	
Remove Contaminated Material (16-21)	299
Remove Berm (11-15)	430
Cover With Six-Inch Material	97
Erosion Protection-West Side	81
SUB-TOTAL	907
Clean Up Windblown Material	
Section 30 Area	Complete
Section 5 Area	Complete
Sec. 32 & Area N. of Pond 9	Complete
Area N. of Pond 1	52
SUB-TOTAL	52
Reclaim IX-Mill Pond Area	126
Reclaim Borrow Area	118
Reclaim Quarry	Deleted by Amendment #29
SUB-TOTAL	244
SUB-TOTAL OF ALL ABOVE	1,785
Salary - 45% Labor as Above	140 ⁽¹⁾
Overhead and Profit at 10%	179
Mill Decommissioning	1,208
SUB-TOTAL OF ALL ABOVE	3,312
Revegetation	
Pond 1 & 2 Areas	Not Applicable
Pond 4 & 5 Areas	34
Pond 6 & 8 Areas	Complete
Pond 7	29
Windblown Cleanup Areas	98
Borrow Areas	138
Pond 9 & 10 & Mill Areas	42
Ponds 11-21	306
SUB-TOTAL	647

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
Radiation Monitoring	50 ⁽²⁾
Soil Testing	101 ⁽³⁾
SUB-TOTAL OF ALL ABOVE	4,110
Contingency @ 15%	617
N.M. Gross Receipt Tax @ 5.75%	236
SUB-TOTAL OF ALL ABOVE	4,963
Inflation 1988 - 2002 (4963) (.523) ⁽⁶⁾	2,596
Groundwater Cleanup (1999\$=\$3,195,000) ⁽¹⁰⁾ (1.067) ⁽¹¹⁾	3,409
NRC Long-Term Fee (1997=\$590,842) ⁽⁵⁾ (1.123) ⁽⁹⁾	664
SUB-TOTAL OF ALL ABOVE	11,632
Old Stope Leaching (1996\$)	
Shaft Reclamation	6
Ventilation Holes	8
Injection Holes	6
Site Reclamation	2
Re-vegetation	4
SUB-TOTAL	26
Solid Byproduct Disposal Area (1996\$)	
Disposal Area	26
Soil Testing	2
SUB-TOTAL	28
Old Stope Leach & Byproduct Disposal	
Overhead and Profit at 10%	5
Contingency @ 15%	8
N.M. Gross Receipt Tax @ 5.75%	3
Inflation 1996 - 2000 (70) (.154) ⁽⁸⁾	11
SUB-TOTAL	27

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
De-Minimis 11(e)2 Disposal (1997\$)	
Disposal Area Radon Barrier	54
Disposal Area Rock Cover	69
Salary/Management	10
Soil Testing	3
Radiation/Health Safety	9
Overhead and Profit at 10%	14
Contingency @ 15%	22
New Mexico Gross Receipts @ 5.75%	8
Inflation 1997 - 2000 (189) (.123) ⁽⁹⁾	23
SUB-TOTAL	212
TOTAL	11,925

⁽¹⁾ Adjusted for work completed $((\$1785K / \$8459K) * \$665K)$

⁽²⁾ Adjusted for Work Completed From Salary Detail - $(0.3357 * \$150K)$

⁽³⁾ Adjusted for Work Completed From Salary Detail - $(0.3357 * \$300K)$

⁽⁴⁾ From NRC's Revised Cost Estimate dated 10/4/90 and updated to 4/02 \$ $(\$1,103K * 1.249 = \$1,378K)$.

⁽⁵⁾ NRC's calculation in 1997 dollars

⁽⁶⁾ 1988 - 2002 Inflation (CPI-U) = $179.7 \div 118.0 = 1.523$ or 52.3%

⁽⁷⁾ 1990 - 2002 Inflation (CPI-U) = $179.7 \div 129.9 = 1.383$ or 38.3%

⁽⁸⁾ 1996 - 2002 Inflation (CPI-U) = $179.7 \div 155.7 = 1.154$ or 15.4%

⁽⁹⁾ 1997 - 2002 Inflation (CPI-U) = $179.7 \div 160.0 = 1.123$ or 12.3%

⁽¹⁰⁾ Estimated Groundwater Costs for 15 years forward from Attachment A to the 2000 Annual Surety Update

⁽¹⁰⁾ 1999 - 2002 Inflation (CPI-U) = $179.7 \div 168.4 = 1.067$ or 6.7%

Groundwater Program Cost Justification

In a letter dated September 10, 1998 from Joe Holonich, NRC to William Goranson, QMC, a request was made for the breakdown of the costs associated with the Groundwater Corrective Action Plan. Listed below are the actual costs associated with the program and a projected cost in the future. The Bedrock Units (Tres Hermanos A and B, and the Dakota Sandstone) and the alluvium program have been projected out 15 years as per the plan.

Cost Breakdown:

Groundwater Program for the Bedrock Units (Tres Hermanos A and B, and the Dakota Sandstones)		
Pumping of Section 30 and Section 30 West Mines		
Item	Cost	Description
1	\$25,200	Power - Section 30 (37,500kwh/mo. * \$0.056/kwh * 12 mo.)
2	\$47,040	Power - Section 30 West (70,000kwh/mo. * \$0.056/kwh * 12 mo.)
3	\$20,000	Maintenance/Repair of pumps (2 pumps-motors/year * 10,000/pump-motor)
4	\$2,600	Labor for pump-motor replacement
5	\$2,880	Labor for operations (\$20/hr * 6 hr/mo. * 2 mines * 12 mo.)
Subtotal	\$97,720	Annual Cost
Sampling and Analysis		
<u>TRES HERMANOS B</u>		
Item	Cost	Description
1	\$300	Labor - sampling/shipping. (\$20/hr * 1.5 hr/well * 5 wells * 2 times/yr)
2	\$4,200	Laboratory analysis (5 wells * \$420/well * 2 times/year)
3	\$900	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$5,400	Annual Cost
<u>TRES HERMANOS A</u>		
Item	Cost	Description
1	\$120	Labor - sampling/shipping. (\$20/hr * 1.5 hr/well * 2 wells * 2 times/yr)
2	\$1,680	Laboratory analysis (2 wells * \$420/well * 2 times/year)
3	\$360	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$2,160	Annual Cost
<u>DAKOTA</u>		
Item	Cost	Description
1	\$400	Labor - sampling/shipping. (\$20/hr * 2 hr/well * 5 wells * 2 times/yr)
2	\$4,800	Laboratory analysis (5 wells * \$480/well * 2 times/year)
3	\$1,040	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$6,240	Annual Cost
	\$111,520	Annual total for Bedrock units
	\$1,672,800	Using a 15 year basis for continuing cleanup

Groundwater Program for the Alluvium

Pumping of Interceptor Trench

Item	Cost	Description
1	\$7,392	Power (11,000kwh/mo. * \$0.056/kwh * 12 mo.)
2	\$500	Maintenance/Repair of pumps
3	\$720	Labor for operations (\$20/hr * 3 hr/mo. * 12 mo.)
Subtotal	\$8,612	

Pumping of Evaporation pond 9 to Section 4

Item	Cost	Description
1	\$12,096	Power (18,000kwh/mo. * \$0.056/kwh * 12 mo.)
2	\$500	Maintenance/Repair of pumps
3	\$1,200	Labor for operations (\$20/hr * 5 hr/mo. * 12 mo.)
4	<u>\$5,000</u>	Pond maintenance and repair
Subtotal	\$18,796	Annual Cost

Treatment of Mine Water used for Groundwater Sweep

1	<u>\$54,780</u>	IX Treatment and Radium Removal Circuit operating costs
Subtotal	\$54,780	Annual Costs

Sampling and Analysis**ALLUVIUM**

Item	Cost	Description
1	\$240	Labor - sampling/shipping. (\$20/hr * 1.5 hr/well * 4 wells * 2 times/yr)
2	\$3,120	Laboratory analysis (4 wells * \$390/well * 2 times/year)
3	<u>\$672</u>	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$4,032	Annual Cost
1	\$14,400	Data Processing/Analysis (\$1200/mo)
Total	\$100,620	Annual total for Alluvium units
	\$1,509,300	Using a 15 year basis for continuing cleanup

Costs Associated with Both Programs

Well Plugging and Abandonment

Item	Cost	Description
1	\$2,000	Alluvial well closure (4 wells * \$500/well)
2	\$1,000	Tres Hermanos A well closure (2 wells * \$500/well)
3	\$2,500	Tres Hermanos B well closure (5 wells * \$500/well)
4	\$3,750	Dakota well closure (5 wells * \$500/well)
5	<u>\$3,200</u>	Site clean-up and revegetation (16 wells * \$200/well)
Subtotal	\$12,450	

\$3,194,550 **Total Cost for groundwater program (1999 Dollars)**

APPENDIX A
SURETY DOCUMENTS

#SBGT717231

DRAFT

ISSUE DATE: ~~September 30, 2002~~ April 1, 2004 AMOUNT: \$11,975,000.00

EXPIRY DATE: ~~April 1, 2002~~ September 30, 2003

Beneficiary:

United States Nuclear Regulatory
Commission, Fuel Cycle Licensing Branch
11545 Rockville Pike
Mail stop T-718
Rockville, MD 80852
U.S.A.

Applicant:

Rio Algom Mining LLC
6305 Waterford Blvd. Suite 400325
Oklahoma City, OK 73118
U.S.A.

Re: NEC License No. SUA-1473
NRC Docket No. 40-8905

We, Canadian Imperial Bank of Commerce, New York Agency, 425 Lexington Avenue, New York, New York 10017 ("CIBC"), hereby establish our Irrevocable Letter of Credit No. [REDACTED] in your favour, on behalf of Rio Algom Mining LLC, for the above-mentioned amount.

This letter of credit is available for payment up to the aggregate amount of USD11,975,000.00 (eleven million ~~seventy-nine~~ hundred ~~thirty-six~~ ~~seventy-five~~ thousand United States Dollars) upon presentation to CIBC at its above noted address or ~~Two Paces West, 2727 Paces Ferry Road, Suite 1200, Atlanta, Georgia 30339~~ of the following documents:

1. Your draft drawn at sight on CIBC, purportedly signed by you and bearing the clause: "Drawn under Canadian Imperial Bank of Commerce Irrevocable Letter of Credit Nono: [REDACTED]"; and
2. A dated statement, purportedly signed by you and stating: ""We, the undersigned United States Nuclear Regulatory Commission, hereby advise you that a sight draft in the amount of \$..... (..... United States Dollars) drawn under Canadian Imperial Bank of Commerce Irrevocable Letter of Credit No: [REDACTED] accompanying this statement and certify that the amount of the draft is payable pursuant to regulations issued under authority of the Uranium Mill Tailings Radiation Control Act of 1978".

Partial drawings are permitted hereunder.

This letter of credit shall be reduced automatically, by the amount of each drawing paid hereunder and/or by amendment, by the amount of reduction that may be authorized by you from time to time by a written request, purportedly signed by you, given to CIBC.

CIBC understands that a letter of credit is required to be issued in accordance with regulations issued under authority of the United States Nuclear Regulatory Commission ("NRC"), an agency of the United States Government, pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, and the Uranium Mill Tailings Radiation Control Act of 1978. CIBC also understands that NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40, Appendix A, Criteria 9 and 10 and that

DRAFT

these regulations require that licensee of a uranium recovery facility shall provide assurance that funds will be available when needed in accordance with the approved Reclamation and Decommissioning Plan and also for any long-term surveillance and control of the uranium recovery facility.

This letter of credit is effective as of ~~September 30, 2002~~ April 1, 2004 and shall expire on ~~September 30, 2003~~ April 1, 2002 (the "expiration date"), but such expiration date shall be automatically extended without amendment for one year from the present or any future expiration date hereof, unless at least ninety (90) days prior to the present or any automatically extended expiration date, CIBC notifies you and Rio Algom Mining LLC, in writing by courier or by certified mail return receipt requested, that CIBC elects not to consider this letter of credit renewed for such further period (the "notice of cancellation"). If Rio Algom Mining LLC is unable to secure an alternative financial assurance to replace this letter of credit within 30 days of the said notice of cancellation, you may draw upon the full amount available under this letter of credit prior to cancellation.

~~Notwithstanding the current or any automatically extended expiration date, this letter of credit shall be cancelled effective the date of receipt by CIBC of the original letter of credit instrument and a dated letter addressed to CIBC, purportedly signed by you, referencing this letter of credit number and requesting the cancellation of same.~~

CIBC shall give immediate notice to you and the licensee, Rio Algom Mining LLC, of any notice received or action filed alleging the (a) insolvency or bankruptcy of the bank; or (b) any violations of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. CIBC shall also give immediate notice if it, for any reason, becomes unable to fulfill its obligation under the letter of credit.

CIBC hereby agrees to honour any drawing presented to it at its above noted address, in compliance with the terms of this letter of credit, within 30 days and to pay the proceeds of the drawing to Standby Trust Fund of Rio Algom Mining LLC in accordance with your complete payment instructions that will be provided by you each time a drawing is presented hereunder.

^{*}
This letter of credit is subject to the "Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500"

PART I
RIO ALGOM MINING LLC
2002 NRC APPROVED RECLAMATION SURETY
AMBROSIA LAKE FACILITY - NEW MEXICO - NRC LICENSE SUA-1473

Shown below is the 2002 proposed surety for the Ambrosia Lake facility. During the period since the 2001 approved surety was issued with license amendment #48, reclamation work has been performed, but none of the remaining distinct work units in the surety estimate has been completed. However, the remaining work units have been maintained at their previously approved levels and adjusted for inflation.

Where applicable, the proposed surety utilizes the CPI-U inflation index to adjust cost estimates to current dollars. The revised, calculated reclamation surety is \$11.925 million.

**NRC RECLAMATION SURETY
AMBROSIA LAKE, NEW MEXICO**

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
Cover for Mill Tailings (1988\$)	
Pond 1 Interim Cover	Complete
Pond 2 Interim Cover	Complete
Pond 1 Low Perm Layer	Complete
Pond 1 Radon Barrier Foot 1	Complete
Pond 1 Radon Barrier Foot 2	Complete
Pond 1 Radon Barrier Foot 3	Deleted by Amendment #31
Pond 2 Low Perm Layer	Complete
Pond 2 Radon Barrier Foot 1	Complete
Pond 2 Radon Barrier Foot 2	Complete
Pond 2 Radon Barrier Foot 3	Deleted by Amendment #31
Pond 1 Erosion Cover	Deleted by Amendment #29
Pond 2 Erosion Cover	Deleted by Amendment #29
Pond 3 Cover	Deleted by Amendment #31
SUB-TOTAL	0
Pond 2 Sand Contour	Complete
Pond 2 Fill to Grade South of "R" Line	Complete
SUB-TOTAL	0
Rock Protection	
Pond #1	complete
Pond #2 South-half (closed)	156
Pond #2 North-half (byproduct disposal area)	156
Pond #3	117
SUB-TOTAL	429
Contour and/or Cover:	
Pond 2	Complete
Pond 4	16
Pond 5	6
Pond 7	73
Pond 9	34
Pond 10	4
Interceptor Trench	20
SUB-TOTAL	153

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
Lined Ponds 11-21	
Remove Contaminated Material (16-21)	299
Remove Berm (11-15)	430
Cover With Six-Inch Material	97
Erosion Protection-West Side	81
SUB-TOTAL	907
Clean Up Windblown Material	
Section 30 Area	Complete
Section 5 Area	Complete
Sec. 32 & Area N. of Pond 9	Complete
Area N. of Pond 1	52
SUB-TOTAL	52
Reclaim IX-Mill Pond Area	126
Reclaim Borrow Area	118
Reclaim Quarry	Deleted by Amendment #29
SUB-TOTAL	244
SUB-TOTAL OF ALL ABOVE	1,785
Salary - 45% Labor as Above	140 ⁽¹⁾
Overhead and Profit at 10%	179
Mill Decommissioning	1,208
SUB-TOTAL OF ALL ABOVE	3,312
Revegetation	
Pond 1 & 2 Areas	Not Applicable
Pond 4 & 5 Areas	34
Pond 6 & 8 Areas	Complete
Pond 7	29
Windblown Cleanup Areas	98
Borrow Areas	138
Pond 9 & 10 & Mill Areas	42
Ponds 11-21	306
SUB-TOTAL	647

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
Radiation Monitoring	50 ⁽²⁾
Soil Testing	101 ⁽³⁾
SUB-TOTAL OF ALL ABOVE	4,110
Contingency @ 15%	617
N.M. Gross Receipt Tax @ 5.75%	236
SUB-TOTAL OF ALL ABOVE	4,963
Inflation 1988 - 2002 (4963) (.523) ⁽⁶⁾	2,596
Groundwater Cleanup (1999\$=\$3,195,000) ⁽¹⁰⁾ (1.067) ⁽¹¹⁾	3,409
NRC Long-Term Fee (1997=\$590,842) ⁽⁵⁾ (1.123) ⁽⁹⁾	664
SUB-TOTAL OF ALL ABOVE	11,632
Old Stope Leaching (1996\$)	
Shaft Reclamation	6
Ventilation Holes	8
Injection Holes	6
Site Reclamation	2
Re-vegetation	4
SUB-TOTAL	26
Solid Byproduct Disposal Area (1996\$)	
Disposal Area	26
Soil Testing	2
SUB-TOTAL	28
Old Stope Leach & Byproduct Disposal	
Overhead and Profit at 10%	5
Contingency @ 15%	8
N.M. Gross Receipt Tax @ 5.75%	3
Inflation 1996 - 2000 (70) (.154) ⁽⁸⁾	11
SUB-TOTAL	27

WORK UNIT	NRC 2001-2002 BOND AMOUNT (\$000)
De-Minimis 11(e)2 Disposal (1997\$)	
Disposal Area Radon Barrier	54
Disposal Area Rock Cover	69
Salary/Management	10
Soil Testing	3
Radiation/Health Safety	9
Overhead and Profit at 10%	14
Contingency @ 15%	22
New Mexico Gross Receipts @ 5.75%	8
Inflation 1997 - 2000 (189) (.123) ⁽⁹⁾	23
SUB-TOTAL	212
TOTAL	11,925

⁽¹⁾ Adjusted for work completed $((\$1785K / \$8459K) * \$665K)$

⁽²⁾ Adjusted for Work Completed From Salary Detail - $(0.3357 * \$150K)$

⁽³⁾ Adjusted for Work Completed From Salary Detail - $(0.3357 * \$300K)$

⁽⁴⁾ From NRC's Revised Cost Estimate dated 10/4/90 and updated to 4/02 \$ $(\$1,103K * 1.249 = \$1,378K)$.

⁽⁵⁾ NRC's calculation in 1997 dollars

⁽⁶⁾ 1988 - 2002 Inflation (CPI-U) = $179.7 \div 118.0 = 1.523$ or 52.3%

⁽⁷⁾ 1990 - 2002 Inflation (CPI-U) = $179.7 \div 129.9 = 1.383$ or 38.3%

⁽⁸⁾ 1996 - 2002 Inflation (CPI-U) = $179.7 \div 155.7 = 1.154$ or 15.4%

⁽⁹⁾ 1997 - 2002 Inflation (CPI-U) = $179.7 \div 160.0 = 1.123$ or 12.3%

⁽¹⁰⁾ Estimated Groundwater Costs for 15 years forward from Attachment A to the 2000 Annual Surety Update

⁽¹⁰⁾ 1999 - 2002 Inflation (CPI-U) = $179.7 \div 168.4 = 1.067$ or 6.7%

Groundwater Program Cost Justification

In a letter dated September 10, 1998 from Joe Holonich, NRC to William Goranson, QMC, a request was made for the breakdown of the costs associated with the Groundwater Corrective Action Plan. Listed below are the actual costs associated with the program and a projected cost in the future. The Bedrock Units (Tres Hermanos A and B, and the Dakota Sandstone) and the alluvium program have been projected out 15 years as per the plan.

Cost Breakdown:

Groundwater Program for the Bedrock Units (Tres Hermanos A and B, and the Dakota Sandstones)		
Pumping of Section 30 and Section 30West Mines		
Item	Cost	Description
1	\$25,200	Power - Section 30 (37,500kwh/mo. * \$0.056/kwh * 12 mo.)
2	\$47,040	Power - Section 30 West (70,000kwh/mo. * \$0.056/kwh * 12 mo.)
3	\$20,000	Maintenance/Repair of pumps (2 pumps-motors/year * 10,000/pump-motor)
4	\$2,600	Labor for pump-motor replacement
5	\$2,880	Labor for operations (\$20/hr * 6 hr/mo. * 2 mines * 12 mo.)
Subtotal	\$97,720	Annual Cost
Sampling and Analysis		
<u>TRES HERMANOS B</u>		
Item	Cost	Description
1	\$300	Labor - sampling/shipping. (\$20/hr * 1.5 hr/well * 5 wells * 2 times/yr)
2	\$4,200	Laboratory analysis (5 wells * \$420/well * 2 times/year)
3	\$900	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$5,400	Annual Cost
<u>TRES HERMANOS A</u>		
Item	Cost	Description
1	\$120	Labor - sampling/shipping. (\$20/hr * 1.5 hr/well * 2 wells * 2 times/yr)
2	\$1,680	Laboratory analysis (2 wells * \$420/well * 2 times/year)
3	\$360	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$2,160	Annual Cost
<u>DAKOTA</u>		
Item	Cost	Description
1	\$400	Labor - sampling/shipping. (\$20/hr * 2 hr/well * 5 wells * 2 times/yr)
2	\$4,800	Laboratory analysis (5 wells * \$480/well * 2 times/year)
3	\$1,040	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$6,240	Annual Cost
	\$111,520	Annual total for Bedrock units
	\$1,672,800	Using a 15 year basis for continuing cleanup

Groundwater Program for the Alluvium

Pumping of Interceptor Trench

Item	Cost	Description
1	\$7,392	Power (11,000kwh/mo. * \$0.056/kwh * 12 mo.)
2	\$500	Maintenance/Repair of pumps
3	\$720	Labor for operations (\$20/hr * 3 hr/mo. * 12 mo.)
Subtotal	\$8,612	

Pumping of Evaporation pond 9 to Section 4

Item	Cost	Description
1	\$12,096	Power (18,000kwh/mo. * \$0.056/kwh * 12 mo.)
2	\$500	Maintenance/Repair of pumps
3	\$1,200	Labor for operations (\$20/hr * 5 hr/mo. * 12 mo.)
4	<u>\$5,000</u>	Pond maintenance and repair
Subtotal	\$18,796	Annual Cost

Treatment of Mine Water used for Groundwater Sweep

1	<u>\$54,780</u>	IX Treatment and Radium Removal Circuit operating costs
Subtotal	\$54,780	Annual Costs

Sampling and Analysis**ALLUVIUM**

Item	Cost	Description
1	\$240	Labor - sampling/shipping. (\$20/hr * 1.5 hr/well * 4 wells * 2 times/yr)
2	\$3,120	Laboratory analysis (4 wells * \$390/well * 2 times/year)
3	<u>\$672</u>	Miscellaneous work tasks (20% of items 1 and 2)
Subtotal	\$4,032	Annual Cost
1	\$14,400	Data Processing/Analysis (\$1200/mo)
Total	\$100,620	Annual total for Alluvium units
	\$1,509,300	Using a 15 year basis for continuing cleanup

Costs Associated with Both Programs

Well Plugging and Abandonment

Item	Cost	Description
1	\$2,000	Alluvial well closure (4 wells * \$500/well)
2	\$1,000	Tres Hermanos A well closure (2 wells * \$500/well)
3	\$2,500	Tres Hermanos B well closure (5 wells * \$500/well)
4	\$3,750	Dakota well closure (5 wells * \$500/well)
5	<u>\$3,200</u>	Site clean-up and revegetation (16 wells * \$200/well)
Subtotal	\$12,450	

\$3,194,550 Total Cost for groundwater program (1999 Dollars)

APPENDIX A
SURETY DOCUMENTS

#SBGT717231

DRAFT

ISSUE DATE: ~~September 30, 2002~~ April 1, 2004 AMOUNT: \$11,975,000.00

EXPIRY DATE: ~~April 1, 2002~~ September 30, 2003

Beneficiary:

United States Nuclear Regulatory
Commission, Fuel Cycle Licensing Branch
11545 Rockville Pike
Mail stop T-718
Rockville, MD 80852
U.S.A.

Applicant:

Rio Algom Mining LLC
6305 Waterford Blvd. Suite 400325
Oklahoma City, OK 73118
U.S.A.

Re: NEC License No. SUA-1473
NRC Docket No. 40-8905

We, Canadian Imperial Bank of Commerce, New York Agency, 425 Lexington Avenue, New York, New York 10017 ("CIBC"), hereby establish our Irrevocable Letter of Credit No. [REDACTED] in your favour, on behalf of Rio Algom Mining LLC, for the above-mentioned amount.

This letter of credit is available for payment up to the aggregate amount of USD11,975,000.00 (eleven million ~~seven~~^{nine} hundred ~~thirty six~~^{seventy five} thousand United States Dollars) upon presentation to CIBC at its above noted address or ~~Two Paces West, 2727 Paces Ferry Road, Suite 1200, Atlanta, Georgia 30339~~ of the following documents:

1. Your draft drawn at sight on CIBC, purportedly signed by you and bearing the clause: "Drawn under Canadian Imperial Bank of Commerce Irrevocable Letter of Credit Nono [REDACTED], and
2. A dated statement, purportedly signed by you and stating: "'We, the undersigned United States Nuclear Regulatory Commission, hereby advise you that a sight draft in the amount of \$..... (..... United States Dollars) drawn under Canadian Imperial Bank of Commerce Irrevocable Letter of Credit No. [REDACTED] is accompanying this statement and certify that the amount of the draft is payable pursuant to regulations issued under authority of the Uranium Mill Tailings Radiation Control Act of 1978".

Partial drawings are permitted hereunder.

This letter of credit shall be reduced automatically, by the amount of each drawing paid hereunder and/or by amendment, by the amount of reduction that may be authorized by you from time to time by a written request, purportedly signed by you, given to CIBC.

CIBC understands that a letter of credit is required to be issued in accordance with regulations issued under authority of the United States Nuclear Regulatory Commission ("NRC"), an agency of the United States Government, pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, and the Uranium Mill Tailings Radiation Control Act of 1978. CIBC also understands that NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40, Appendix A, Criteria 9 and 10 and that

DRAFT

these regulations require that licensee of a uranium recovery facility shall provide assurance that funds will be available when needed in accordance with the approved Reclamation and Decommissioning Plan and also for any long-term surveillance and control of the uranium recovery facility.

This letter of credit is effective as of ~~September 30, 2002~~ April 1, 2004 and shall expire on ~~September 30, 2003~~ April 1, 2002 (the "expiration date"), but such expiration date shall be automatically extended without amendment for one year from the present or any future expiration date hereof, unless at least ninety (90) days prior to the present or any automatically extended expiration date, CIBC notifies you and Rio Algom Mining LLC, in writing by courier or by certified mail return receipt requested, that CIBC elects not to consider this letter of credit renewed for such further period (the "notice of cancellation"). If Rio Algom Mining LLC is unable to secure an alternative financial assurance to replace this letter of credit within 30 days of the said notice of cancellation, you may draw upon the full amount available under this letter of credit prior to cancellation.

~~Notwithstanding the current or any automatically extended expiration date, this letter of credit shall be cancelled effective the date of receipt by CIBC of the original letter of credit instrument and a dated letter addressed to CIBC, purportedly signed by you, referencing this letter of credit number and requesting the cancellation of same.~~

CIBC shall give immediate notice to you and the licensee, Rio Algom Mining LLC, of any notice received or action filed alleging the (a) insolvency or bankruptcy of the bank; or (b) any violations of regulatory requirements that could result in suspension or revocation of the bank's charter or license to do business. CIBC shall also give immediate notice if it, for any reason, becomes unable to fulfill its obligation under the letter of credit.

CIBC hereby agrees to honour any drawing presented to it at its above noted address, in compliance with the terms of this letter of credit, within 30 days and to pay the proceeds of the drawing to Standby Trust Fund of Rio Algom Mining LLC in accordance with your complete payment instructions that will be provided by you each time a drawing is presented hereunder.

This letter of credit is subject to the "Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce, Publication No. 500"

STANDBY TRUST AGREEMENT

TRUST AGREEMENT, this Agreement entered into as of September 30, 2002 by and between Rio Algom Mining Corp. LLC, a Delaware Corporation, herein referred to as the "Grantor", and Bank One, N.A., herein referred to as the "Trustee".

WHEREAS, the U.S. Nuclear Regulatory Commission ("NRC"), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Part 30, 40, 70, or 72 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use a letter of credit to provide all of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under a letter of credit, this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number SUA - 1119 issued pursuant to 10 CFR Part 40 as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached

hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund", together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by NRC.

Section 5 Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- (a) A certificate duly executed by the Secretary of the Grantor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate of Events, and
- (b) A certificate attesting to the following conditions:
 - (1) that decommissioning is proceeding pursuant to an NRC-approved plan
 - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and
 - (3) that the NRC has been given 30 days' prior notice of Grantor's Rio Algom Mining LLC's intent to withdraw funds from the eserow-trust fund.

No withdrawal from the Fund can exceed [~~—~~]10 percent of the outstanding balance of the Fund or [~~—~~] dollars, ~~whichever is greater,~~ unless NRC approval is attached.
[Obtain these numbers from NRC?]

~~In the event of the Grantor's default or inability to direct decommissioning activities,~~ In addition, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC, ~~or State agency,~~ from the Fund for expenditures for required activities in such amounts as the NRC, ~~or State agency,~~ shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 6 Trust Management The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill,

prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims, except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a - 2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government.
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal Government, and in obligations of the Federal Government such as GNMA, FNMA, and FHLM bonds and certificates or State and Municipal bonds rated BBB or higher by Standard & Poors or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7 Commingling and Investment The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein, and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, and underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8 Express Powers of Trustee Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor.
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund.
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9 Taxes and Expenses All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10 Annual Valuation After payment has been made into the Fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the Fund, furnish to the Grantor and to the NRC a statement confirming the value of the Fund. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC, shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11 Advice of Counsel The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12 Trustee Compensation The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

1-1-17

Section 13 Successor Trustee Upon 90 days notice to the NRC, the Trustee may resign; upon 90 days notice to the NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, ~~and the~~ this successor accepts the appointment, the successor is ready to assume its duties as trustee, and NRC has agreed, in writing, that the successor is an appropriate State or Federal government agency or an entity that has authority to act as a trustee and whose trust operations are regulated and examined by a Federal or State agency. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. ~~Upon the successor Trustee's acceptance of the appointment~~ When the resignation or replacement is effective, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the NRC and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14 Instructions to the Trustee All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If the NRC issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC, or its designee, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or the NRC hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instruction from the Grantor and/or the NRC, except as provided for herein.

Section 15 Amendment of Agreement This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC, or by the Trustee and the NRC, if the Grantor ceases to exist.

Section 16 Irrevocability and Termination Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC, or by the Trustee and the NRC, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses shall be delivered to the Grantor or its successor.

Section 17 Immunity and Indemnification The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or the NRC, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18 This Agreement shall be administered, construed, and enforced according to the laws of the State of Utah.

Section 19 Interpretation and Severability As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:

Rio Algom Mining CorpLLC.

By: _____
Title:

By: _____
Title:

ATTEST:

Bank One, N.A.

By: _____
Title:

CERTIFICATE OF EVENTS

Bank One, N.A.

Attention: Trust Division

Gentlemen:

In accordance with the terms of the Agreement with you dated January [xx], 2002, I, _____, Secretary of Rio Algom Mining CorpLLC., hereby certify that the following events have occurred:

1. Rio Algom ~~mMining Corp~~LLC is required to commence the decommissioning of its facility located at Ambrosia Lake, New Mexico (hereinafter called "the decommissioning").
2. The plans and procedures for the commencement and conduct of the decommissioning have been approved by the United States Nuclear Regulatory Commission, or its successor, on _____ (copy of approval attached).
3. The ~~Board of Directors~~Management Board of Rio Algom Mining ~~Corp~~LLC has adopted the attached resolution authorizing the commencement of the decommissioning.

Secretary of Rio Algom Mining CorpLLC.
Date:

Certificate of Resolution

I, _____, do hereby certify that I am Secretary of Rio Algom
mining Corp. LLC, a Delaware limited liability corporation, and that the resolution listed
below was duly adopted at a meeting of this Corporation's ~~Board of~~
~~Directors~~ Management Board on _____, 20 ____.

IN WITNESS WHEREOF, I have hereunto signed by name and affixed the
seal of this Corporation this _____ day of _____, 20 ____.

Secretary

RESOLVED, that this Management Board of Directors hereby authorizes
the President, or such other employee of the Company as he may designate, to
commence decommissioning activities at Lisbon, Utah in accordance with the terms and
conditions described to this ~~Board of Directors~~ Management Board at this meeting and
with such other terms and conditions as the President shall approve with and upon the
advice of counsel.

4.3.3. Sample Trust Agreement Schedules

TRUST AGREEMENT SCHEDULE

SAMPLE SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates for the following licensed activities:

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER	NAME AND ADDRESS OF LICENSEE	ADDRESS OF LICENSED ACTIVITY	COST ESTIMATES FOR REGULATORY ASSURANCES DEMONSTRATED BY THIS AGREEMENT
--	---------------------------------------	------------------------------------	---

The cost estimates listed here were last adjusted and approved by the NRC on [].

SAMPLE SCHEDULE B

AMOUNT _____

AS EVIDENCED BY _____

SAMPLE SCHEDULE C

_____, Trustee's fees shall be \$_____.

4.3.4 . Sample of Acknowledgement

ACKNOWLEDGEMENT

STATE OF Oklahoma

To Wit: Nuclear Regulatory Commission License Number SUA 1473

CITY OF Oklahoma City

On this _____ day of January 2000, before me, a notary public in and for the city and State aforesaid, personally appeared _____, and she/he did depose and say that she/he is the [], of Bank One, national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

[Signature of notary public]

My Commission Expires: _____
[Date]