

December 16, 2003

Ms. Donna L. Wichers,
General Manager
COGEMA Mining, Inc.
P.O. Box 730
Mills, WY 82644

SUBJECT: 2003 ANNUAL SURETY UPDATE FOR COGEMA MINING, INC. - REQUEST
FOR ADDITIONAL INFORMATION (TAC # LU0002)

Dear Ms. Wichers:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of your proposed annual surety update for the COGEMA Mining, Inc., Irigaray and Christensen Ranch *In Situ* Leach Uranium Projects dated August 18, 2003. The staff also reviewed your September 26, 2003, draft response to NRC staff comments provided with the acceptance review dated September 11, 2003. The staff determined that additional information is required to complete our evaluation of the proposed surety amount and the itemized request list is provided as an enclosure.

Please provide your response to each request within 30 days. If you have any questions or comments with regards to this letter, please contact me by phone at (301) 415-6606 or by e-mail to esb@nrc.gov.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically 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/reading-rm/adams.html>.

Sincerely,

/RA/

Elaine Brummett, Project Manager
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No: 40-8502
License: SUA-1341

Enclosure: Request for Additional Information

cc: D. McKenzie, WDEQ - District III

December 16, 2003

Ms. Donna L. Wichers,
General Manager
COGEMA Mining, Inc.
P.O. Box 730
Mills, WY 82644

SUBJECT: 2003 ANNUAL SURETY UPDATE FOR COGEMA MINING, INC. - REQUEST
FOR ADDITIONAL INFORMATION (TAC # LU0002)

Dear Ms. Wichers:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of your proposed annual surety update for the COGEMA Mining, Inc., Irigaray and Christensen Ranch *In Situ* Leach Uranium Projects dated August 18, 2003. The staff also reviewed your September 26, 2003, draft response to NRC staff comments provided with the acceptance review dated September 11, 2003. The staff determined that additional information is required to complete our evaluation of the proposed surety amount and the itemized request list is provided as an enclosure.

Please provide your response to each request within 30 days. If you have any questions or comments with regards to this letter, please contact me by phone at (301) 415-6606 or by e-mail to esb@nrc.gov.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically 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/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Elaine Brummett, Project Manager
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No: 40-8502
License: SUA-1341

Enclosure: Request for Additional Information
cc: D. McKenzie, WDEQ - District III

DISTRIBUTION:

JWhitten, RIV ACNW FCLBr/f

C:\ORPCheckout\FileNET\ML033520158.wpd

*see previous concurrence

ML033520158

OFC	FCFB		FCFB		FCFB	
NAME	E.Brummett*		B.Garrett*		R. Nelson*	
DATE	12/15/03		12/15/03		12/16/03	

OFFICIAL RECORD COPY

**REQUEST FOR ADDITIONAL INFORMATION
FOR COGEMA MINING, INC., 2003 SURETY UPDATE FOR
IRIGARAY AND CHRISTENSEN RANCH**

1. The cost estimates were derived using several different methods such as actual billings, estimates from contractors in the past several months, prices from past years inflated by the consumer price index, and from the Wyoming Land Quality Division's Guideline No. 12. The submittal didn't indicate why or how a particular method was chosen.

REQUEST: Provide the basis for choosing one method of cost estimating over another, and indicate how bias toward choosing the method providing the lowest cost was avoided.

2. On Worksheet 1, Section VI (Restoration Capital Requirements), the cost for deep injection well abandonment is the same as the 2001 and 2002 estimates of \$200,000. In a draft Worksheet provided October 29, 2003, COGEMA proposed to decrease this value to \$165,074, based on a 1999 well abandonment estimate of \$150,000 adjusted by an inflation factor of 10.05 percent. There was no explanation of why the 2001 value was not increased for inflation instead of a 1999 value. All major item costs should have been inflated (using consumer price index) to estimate 2003 prices or actual prices should have been obtained.

REQUEST: Indicate the 2003 cost for deep injection well abandonment and the method used to determine the cost (revise the Worksheet as necessary), as justified by the 2001 estimate. In addition, provide the updated cost for any major item, or justify why the value is the same as last year.

3. The Summary Section of Worksheet 1 indicates that completion of groundwater sweep is taken as a credit and your letter provided some justification for this credit. As discussed in our letter to you of September 27, 2002, that responded to a similar earlier request, the NRC policy is to not reduce the surety amount for work completed, unless that work has been inspected and approved by the NRC staff. The restoration report has not even been submitted to the NRC, therefore, the credit should not be taken.

REQUEST: Provide a revised summary page with a groundwater restoration estimate that includes the groundwater sweep costs.

4. On Worksheets 2-4, the transportation cost to dispose of various materials is listed as \$2.58 per mile. The discussion under "Assumptions" for Worksheet 2 indicates that this is the price charged by Key Trucking. The NRC staff comment #2 asked "...indicate when these charges were billed or otherwise demonstrate that the cost reflects the high fuel prices of 2003 that would be incurred by a third party." The COGEMA draft response (September 26, 2003) indicated that Key Trucking was used in 2001. Also provided was a current price in Texas of \$2.62 per mile.

REQUEST: Adjust the transportation cost to reflect the current Wyoming price. Alternatively, inflate the 2001 Wyoming price to estimate the 2003 cost.

Enclosure