

June 8, 2004

Mr. Ray Cherniske
Remediation Manager
Molycorp, Inc.
P.O. Box 469
Questa, NM 87556-0469

SUBJECT: ELIMINATING THE SITE DECOMMISSIONING MANAGEMENT PLAN AND
ESTABLISHING MANAGEMENT OF ALL SITES UNDERGOING
DECOMMISSIONING UNDER A COMPREHENSIVE DECOMMISSIONING
PROGRAM

Dear Mr. Cherniske:

As you know, your facility and site is tracked under the U.S. Nuclear Regulatory Commission's (NRC's) Site Decommissioning Management Plan (SDMP). This plan was developed in the early 1990's to effectively manage certain NRC-licensed or formerly licensed facilities that were undergoing complex cleanup and decommissioning. Since that time, the goals of the SDMP and SDMP Action Plan have been achieved, and as a result, NRC is eliminating the term "SDMP." The SDMP sites have been incorporated into a comprehensive decommissioning program that facilitates the cleanup of routine and complex sites in a manner that is consistent with the goals of the SDMP and SDMP Action Plan. The enclosure to this letter describes the original goals of the SDMP, how they have been achieved, and what constitutes our current comprehensive decommissioning program, under which your site now falls.

As the SDMP sites will be managed as complex sites under this comprehensive decommissioning program, the level of safety currently in place at these sites will not be diminished. Although your facility will no longer be referred to as an "SDMP site," the NRC staff will continue to manage the decommissioning of your site in the same manner, using the same criteria that have been applied in the past. If you have any questions regarding this letter, please contact me at (301) 415-7295.

Sincerely,

/RA/

Daniel M. Gillen
Deputy Director for the Decommissioning Directorate
Division of Waste Management
and Environmental Protection
Office of Nuclear Material Safety
and Safeguards

Enclosure: Eliminating the Site Decommissioning Management Plan and Establishing
Management of All Sites Undergoing Decommissioning Under a Comprehensive
Decommissioning Program

Docket No.: 040-08778
License No.: SMB-1393

cc: Molycorp, Inc. (Washington) Distribution List

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ELIMINATING THE SITE DECOMMISSIONING MANAGEMENT PLAN AND ESTABLISHING MANAGEMENT OF ALL SITES UNDERGOING DECOMMISSIONING UNDER A COMPREHENSIVE DECOMMISSIONING PROGRAM

In Staff Requirements Memoranda, dated August 22, 1989, and January 31, 1990, the Commission directed the U.S. Nuclear Regulatory Commission (NRC) staff to develop a comprehensive strategy for NRC to deal with a number of contaminated sites, so that closure on cleanup issues could be attained in a timely manner. The Commission also directed the staff to submit a list of contaminated sites ranked by order of cleanup priority. This was before the NRC Timeliness Rule ["Timeliness in Decommissioning of Materials Facilities" (59 FR 36026, July 15, 1994)] and License Termination Rule (LTR), in 10 CFR Part 20, Subpart E ["Radiological Criteria for License Termination" (62 FR 39058, July 21, 1997)]. The Site Decommissioning Management Plan (SDMP) was developed by the staff, in response to the Commission's concern.

In 1992, the staff developed the SDMP Action Plan to: 1) identify criteria that would be used to guide the cleanup of sites; 2) state the NRC's position on finality; 3) describe the NRC's expectation that cleanup would be completed within 3-4 years; 4) identify guidance on site characterization, and 5) describe the process for timely cleanup on a site-specific basis.

Since the development of the SDMP Action Plan, the staff has addressed the issues identified in the Action Plan, as follows. The criteria for site cleanup and NRC's position on finality were codified in 10 CFR Part 20, Subpart E (LTR). NRC's expectations regarding the completion of site decommissioning have been codified in 10 CFR 30.36, 40.42, 70.38, and 72.54. Issues associated with site characterization have been addressed in the Multi-Agency Radiation Survey and Site Investigation Manual (MARSSIM) (NUREG-1575, Rev. 1, August 2000) and in Volume 2: Characterization, Survey, and Determination of Radiological Criteria, of the Consolidated NMSS Decommissioning Guidance (NUREG-1757, Vol. 2, September 2003). The process for timely cleanup on a site-specific basis is addressed in NUREG-1757, Consolidated NMSS Decommissioning Guidance.

In addition, the staff has identified and resolved many issues since the inception of the SDMP, including:

- Ensuring efficiency and consistency in decommissioning plan reviews by developing a standard review plan, consolidated decommissioning guidance, and the associated iterative approach to reviewing decommissioning plans.
- Making the consolidated decommissioning guidance risk informed and performance based.
- Developing processes and tools for evaluating dose assessments and estimates by developing the DandD Screen and versions of the RESRAD dose modeling codes.
- Identifying common issues/problems encountered by the staff in reviewing Decommissioning Plans (DPs) and License Termination Plans (LTPs) by developing and publishing (as Regulatory Information Summary 2002-02), a list of "lessons learned" to be considered by licensees as they prepare their LTPs and DPs.

- Improving tracking of decommissioning projects by instituting a rebaselining initiative to develop and implement comprehensive, integrated schedules for successfully bringing SDMP and complex decommissioning sites to closure.
- Improving the manner in which staff manages decommissioning projects by implementing streamlining objectives such as: (a) assuming a more pro-active role in interacting with licensees undergoing decommissioning; (b) expanding the acceptance review process to include a limited technical review that reduces the need for additional rounds of questions; (c) ensuring that institutional controls and financial assurance requirements are adequate before a technical review of the DP; (d) implementing other procedures to reduce the number of requests for additional information, such as review team site visits and periodic telecons with licensees; (e) conducting in-process/side-by-side confirmatory surveys; (f) relying more heavily on licensees' quality assurance programs, rather than conducting large-scale confirmatory surveys, and (g) focusing on resolving key issues such as institutional controls for restricted release and partial site release.
- Completing an evaluation of formerly licensed sites to determine if additional remediation is necessary to ensure protection of public health and safety.
- Evaluating the costs and financial capability of those decommissioning sites with questionable financial assurance, and developing and implementing a methodology to ensure that these sites could be safely remediated and the licenses terminated.
- Developing an integrated reporting approach to inform the Commission annually of the status of the NRC's decommissioning program.

Beginning in fiscal year 2000, the NRC staff began tracking the resolution of decommissioning issues in its operating plan. Currently, as a significant decommissioning issue is identified (typically as a request from a licensee to perform a non-standard decommissioning action or the interpretation of an existing Commission policy), a schedule for resolving the issue is developed and included in the site schedule in the operating plan. In this way, the resolution of the issue is integrated with the work being done at the site and with other activities in the decommissioning program.

In September 2000, the NRC staff published NUREG-1727, NMSS Decommissioning Standard Review Plan, for use by NRC in reviewing and evaluating plans and information submitted by licensees to support the decommissioning of nuclear facilities. The standard review plan allowed NRC staff to evaluate information submitted by licensees in a timely, efficient and consistent manner, to determine if the decommissioning could be conducted such that the public health and safety are protected and the facility could be released in accordance with NRC's requirements. It provided NRC staff with a description of the contents of specific decommissioning plan modules and the evaluation and acceptance criteria for use in reviewing decommissioning plans.

In September 2003, NMSS completed its efforts to consolidate, risk-inform, and performance-base the policies and guidance for its decommissioning program. The project involved reviewing, updating, and consolidating existing NMSS decommissioning guidance documents, decommissioning technical assistance requests, decommissioning licensing conditions, and all decommissioning generic communications issued over the past several years. The goal was to

produce consolidated NMSS decommissioning guidance that allows the NRC staff to evaluate information submitted by licensees in a timely, efficient, and consistent manner that protects public health and safety. The end result is a three-volume NUREG series (NUREG-1757, Consolidated NMSS Decommissioning Guidance), with guidance grouped into decommissioning functional categories. The final versions of Volume 1: Decommissioning Process for Materials Licensees, Volume 2: Characterization, Survey and Determination of Radiological Criteria, and Volume 3: Financial Assurance, Recordkeeping, and Timeliness, were published in September 2003.

As the original intent of the SDMP and the SDMP Action Plan (i.e., to achieve closure on cleanup issues so that cleanup could proceed in a timely manner) has been achieved, the Commission has directed the staff to eliminate the SDMP designation. The staff has developed a comprehensive decommissioning program that facilitates the cleanup of routine and complex sites in a manner that is consistent with the goals of the SDMP Action Plan. As the SDMP sites will be managed as "complex sites" under the comprehensive decommissioning program, the level of safety currently in place at SDMP sites will not be diminished.