

September 8, 2004

Mr. John E. Trummel
Kennecott Energy Company
505 South Gillette Ave.
P.O. Box 3009
Gillette, WY 82717-3009

SUBJECT: DETERMINATION OF THE LONG-TERM SURVEILLANCE CHARGE FOR THE
SOHIO WESTERN MINING COMPANY L-BAR URANIUM MILL TAILINGS SITE

Dear Mr. Trummel:

The U.S. Nuclear Regulatory Commission (NRC) staff understands that Sohio Western Mining Company (SWMC) is planning to transfer ownership of the L-Bar uranium mill tailings site to the U. S. Department of Energy (DOE) within the next several weeks in preparation for termination of SWMC's Source Materials License SUA-1472. As you are aware, 10 CFR Part 40, Appendix A, Criterion 10, specifies that the costs for the long-term surveillance of uranium mill tailings sites must be paid to the U.S. Treasury by the licensee prior to the termination of the specific license. Accordingly, this letter is to advise you of the funds that SWMC must provide to the U.S. Treasury for the long-term surveillance charge for the L-Bar site. The long-term surveillance charge totals \$698,194 and consists of the following:

- A basic long-term surveillance charge of \$697,194 derived from the escalation of \$250,000 in 1978 dollars through September 2004, as specified in 10 CFR Part 40, Appendix A, Criterion 10, to account for the effects of inflation.
- A maintenance bond of \$1,000 for mitigation of potential sedimentation in the L-Bar flow diversion channels in an estimated 450 to 500 years from now.

You have advised that SWMC intends to pay the long-term surveillance charge by electronic funds transfer to the U.S. Treasury. When the NRC receives confirmation that the surveillance charge has been paid, and the site property has been transferred to the DOE, the staff will proceed with the final steps leading to license termination.

If you have any questions regarding this letter, please contact Rick Weller, the Project Manager for L-Bar, at (301) 415-7287 or via e-mail to RMW2@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter 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>.

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8904
License No.: SUA-1472

cc: D. Bergman-Tabbert, DOE GJO
J. Sink, DOE GJO
M. Plessinger, Stoller GJO
M. Leavitt, NMED, Santa Fe
S. Jordan, Nordhaus Law Firm

J. Trummel

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Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
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