



November 7, 2004

Gary Janosko, Chief  
c/o Document Control Desk  
U.S. Nuclear Regulatory Commission  
Fuel Cycle Facilities Branch, FCSS  
Washington, DC 20555

Docket No. 40-8452  
Source Material License No. SUA-1310

Attn: Richard Weller, Project Manager

Dear Mr. Weller:

This letter, with attachments, is being submitted as the annual surety bond update to satisfy the requirements of License Condition No. 27 of Source Material License No. SUA-1310 issued to Bear Creek Uranium Company. Despite the CPI-U inflation for 2004 the surety remains virtually the same as last year due to the predicted corporate costs being lower based on actual cost experience in 2004 and the land exchange being virtually completed with the State of Wyoming. The existing surety of \$854,000 remains sufficient.

All Wyoming DEQ and NRC reclamation requirements at Bear Creek Uranium were completed in 1999. The only activity at the site in 2004 was the required groundwater sampling. The surface of Section 16 was purchased from the State of Wyoming in January 2003, and we have negotiated a land exchange with the State of Wyoming to acquire the mineral estate in Section 16. The exchange has been public noticed and public meetings were held on the exchange and all comments received were positive. The exchange will be presented to the Wyoming State Land Board for approval at their next scheduled meeting December 2, 2004.

The existing surety arrangement, whereby the State of Wyoming holds a bond for all reclamation, including the NRC portion, will be continued until the mine permit is terminated, if termination of the mine permit occurs prior to transfer of the site to DOE, Anadarko will provide the proper surety to NRC prior to terminating the Wyoming DEQ surety arrangement. The existing surety with Wyoming DEQ is \$875,000; however with the submittal of our annual report to DEQ due November 18 we are requesting DEQ's concurrence to terminate the mine permit and obtain final bond release on the DEQ reclamation.

If you have questions concerning this submittal contact me at (307) 352-3304 or by email at [Ernie\\_Scott@anadarko.com](mailto:Ernie_Scott@anadarko.com).

Sincerely,

A handwritten signature in cursive script that reads "Ernie Scott".

Ernest Y Scott  
Manager Mining Operations

NMSS01

Bear Creek Uranium Company

2004 Reclamation Performance Bond Estimate

NRC/DOE Area

Long Term Surveillance Fee	\$ 700,155
Corporate Cost	\$ 42,000
Contingency @ 15%	\$ 111,323
Total	\$ 853,478

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Long Term Surveillance Fee Calculation

2004 CPI-U for September = 189.7

2003 CPI-U for September = 185.1

2003 Fee = \$683,177

2003 fee =  $(189.7/185.1) \times \$683,177 =$  \$ 700,155 (CPI-U adjusted through September 2004)

(CPI-U adjusted through September 2003)

Corporate Cost

Assumes 1-year time frame before license is terminated and site transferred to DOE.

Corporate Overhead @ \$5,000/yr =	\$ 5,000
Groundwater Sampling @ \$5,000/yr =	\$ 5,000
NRC Management/Review Costs	\$ 10,000
Mineral Estate Exchange Costs	\$ 22,000
Corporate Cost Total	\$ 42,000



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**Consumer Price Index - All Urban Consumers**

Series Id: CUSR0000SA0  
 Seasonally Adjusted  
 Area: U.S. city average  
 Item: All items  
 Base Period: 1982-84=100

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	De
2003	182.20	183.20	184.00	183.40	183.30	183.50	183.80	184.50	185.10	184.90	184.60	184.
2004	185.80	186.30	187.20	187.60	188.80	189.40	189.30	189.40	189.70			

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