

January 31, 2005

Alan D. Cox, Manager
Grants & Southwest U.S.
Homestake Mining Company
P.O. Box 98 / Highway 605
Grants, NM 87020

SUBJECT: HOMESTAKE MINING COMPANY FINANCIAL SURETY, SOURCE
MATERIALS LICENSE SUA-1471 - AMENDMENT 37 (TAC LU0063)

Dear Mr. Cox:

In a letter dated March 29, 2004, you provided the U.S. Nuclear Regulatory Commission (NRC) information for the annual surety update as required in Source Materials License, SUA-1471. The staff reviewed your letter and determined that it did not contain enough detailed information to make a determination whether the surety amount was adequate. Therefore, NRC requested additional information regarding the costs and quantities associated with the update. You provided this information to us in a letter dated August 30, 2004.

The staff has reviewed Homestake Mining Company's (Homestake) revised cost estimate for completion of reclamation activities for the Grants uranium mill facility. Criteria 9 and 10 of 10 CFR Part 40, Appendix A, requires licensees to supply sufficient information to the NRC to verify that the amount of coverage provided by the financial assurance will permit the completion of all decontamination and reclamation activities at the site. Additionally, the cost estimates must be calculated on the basis of completion of all activities by a third party and must be updated annually.

The review was completed using the guidance contained in NUREG-1620, Rev. 1, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailings Sites Under Title II of the Uranium Mill Tailings Radiation Control Act of 1978." For the current update, the surety value reflects changes associated with work completed as well as changes associated with current costs. Homestake provided updated unit costs associated with decommissioning activities and provided an update for surface reclamation based on the Consumer Price Index. Based on the information provided to us and independent verification, the staff concludes that the unit costs are reasonable, in line with regional rates and that the new surety amount adequately reflects unit costs, required contingencies and fees. As such, Amendment 37 will update Source Materials License, SUA-1471, License Condition 28, to reflect the revised surety amount of \$33,421,971.

If you have any questions regarding this letter, please contact the NRC project manager, Bill Von Till at (301) 415-6251 or by e-mail to RWV@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/reading-rm/adams.html>.

Please note that on October 25, 2004, the NRC suspended public access to ADAMS, and initiated an additional security review of publicly available documents to ensure that potentially sensitive information is removed from the ADAMS database accessible through the NRC's web site. Interested members of the public may obtain copies of the referenced documents for review and/or copying by contacting the Public Document Room pending resumption of public access to ADAMS. The NRC Public Document Room is located at NRC Headquarters in Rockville, MD, and can be contacted at 800-397-4209 or 301-415-4737 or pdr@nrc.gov.

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. 40-8903
License No. SUA-1471

Enclosure: License Amendment 37

cc: M. Purcell, USEPA
D. Mayerson, State of NM
J. Sanders, State of NM

A. Cox

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Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
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cc: M. Purcell, USEPA
D. Mayerson, State of NM
J. Sanders, State of NM

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