

April 7, 2005

Mr. Peter Luthiger  
Manager, Radiation Safety  
and Environmental Affairs  
Rio Algom Mining LLC  
P.O. Box 218  
Grants, NM 87020

SUBJECT: AMENDMENT 54 , REVISED SURETY, LICENSE CONDITION 22,  
SOURCE MATERIALS LICENSE SUA-1473 (LU0080)

Dear Mr. Luthiger:

The staff has reviewed Rio Algom Mining LLC's (Rio Algom) revised cost estimate for completion of reclamation activities for the Ambrosia Lake uranium mill facility submitted under letter dated January 31, 2005. Criteria 9 and 10 of 10 CFR Part 40, Appendix A, requires licensees to supply sufficient information to the U.S. Nuclear Regulatory Commission (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, "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, Rev.1." For the current update, the surety value reflects changes due to the re-baselining of costs associated with the decommissioning of the site. Based on the information provided to us and independent verification, the staff concludes that the unit costs are reasonable and in line with regional rates.

The staff has based its review on information provided by Rio Algom. Quantities for physical reclamation will be verified during the next regular inspection. The surety update for Rio Algom Mining LLC - Ambrosia Lake uranium mill facility updates the previous surety with cost estimates that adequately reflect changes to the quantities, unit costs, required contingencies and fees. Accordingly, License Condition (LC) 22 of Source Materials License, SUA-1473 has been amended to reflect a new surety amount of \$26,703,452. In addition, LC 22 has been revised to reference the currently applicable guidance.

If you have any questions regarding this letter, please contact John Lusher of my staff at (301) 415-7694 or via email to [JHL@nrc.gov](mailto:JHL@nrc.gov).

P. Luthiger

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In accordance with 10 CFR 2.390 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/

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

Docket No.: 40-8905  
License No.: SUA-1473

Enclosure: License Amendment 54

cc: Bruce Law, Rio Algom

P. Luthiger

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Sincerely,

/RA/

Gary S. Janosko, Chief  
Fuel Cycle Facilities Branch  
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cc: Bruce Law, Rio Algom

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<b>NAME</b>	J.Lusher	B. Garrett	R. Nelson	G. Janosko
<b>DATE</b>	04/07/05	04/06/05	04/07/05	04/07/05

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