January 4, 2006

Mr. T. W. Hardgrove
Pathfinder Mines Corporation
935 Pendell Boulevard
P.O. Box 730
Mills, WY 82644

SUBJECT: PATHFINDER MINES CORPORATION SHIRLEY BASIN SITE, SOURCE MATERIALS LICENSE SUA-442, AMENDMENT 58 - ANNUAL ADJUSTMENT OF THE SURETY AMOUNT (TAC LU0110)

Dear Mr. Hardgrove:

By letter dated October 29, 2005, Pathfinder Mines Corporation (PMC) submitted for U.S. Nuclear Regulatory Commission (NRC) staff review and approval its revised surety estimate for the Shirley Basin site. The 2006 revised surety estimate is in the amount of $4,035,628, which represents a $1,461,329 decrease from the previous estimate. NRC staff reviewed the surety update estimate per Criteria 9 and 10 of 10 CFR Part 40, Appendix A, which require the licensee to supply sufficient information to NRC staff to verify the amount provided by the financial assurance will permit the completion of all decontamination and reclamation of the site. Additionally, the surety estimate must be based on the completion of all decommissioning and reclamation activities by a third party and must be updated annually. NRC staff also utilized the guidance contained in NUREG-1620, Rev. 1, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailing Sites Under Title II of the Uranium Mill Tailings Radiation Control Act of 1978," to complete this review.

The current surety estimate accounted for reclamation work completed through September 2005. According to PMC, as of September 2005, they completed most of the grading on Ponds 4 and 5 and the No. 5 dam slope. Remaining significant grading work included the evaporation ponds at the northwest end of Pond 5, Pond 3, and areas adjacent to Pond 3. Radon barrier and capillary layer installation was approximately 85 percent completed on West Pond 4, Pond 4, and Pond 5. Topsoil placement was approximately 55 percent complete on West Pond 4. Construction is expected to be completed during 2006. PMC has also abandoned 93 wells with 118 wells scheduled for abandonment.

The current surety update estimate was also based on expected approval of the alternate concentration limit (ACL) license amendment request. NRC staff approved the ACL amendment on October 19, 2005, which allowed PMC to discontinue active ground-water corrective actions. However, PMC is required to leave the corrective action system components in-place for at least one year, in the event additional ground-water remediation is necessary.

PMC provided updated unit costs based primarily on contract prices. Pathfinder states that all unit costs associated with material placement include machinery rental and operator costs. An additional labor rate of $24.38 for a non-earth moving laborer was cited and justified. NRC compared some of the unit costs to construction cost estimating web sites. Based on this comparison, NRC staff concludes that unit costs are reasonable.

PMC correctly calculated the long-term surveillance fee based on the Consumer Price Index, all urban consumers, for December 1978 and September 2005. The current long-term surveillance fee is $734,121. An additional 15 percent contingency value for tailings reclamation was added to the total.

Based on our review, PMC has provided adequate justification for the current surety estimate. Therefore, the surety amount in License Condition 27 has been revised and License Amendment No. 58 is provided as Enclosure 1. This licensing action meets the categorical exclusion provision for surety changes in 10 CFR Part 51.22(c)(10)(i). Therefore, this amendment does not require either an environmental assessment or an environmental report from the licensee.

If you have any questions regarding this letter, or the enclosures, please contact the Project Manager for your facility, Stephen J. Cohen, by phone at (301) 415-7182 or by e-mail at sjc7@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 Agencywide Document Access and Management 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. 40-6622
License No. SUA-442

Enclosure: License Amendment No. 58

cc: D. Wichers, COGEMA
A. Kleinrath, DOE
W. Hogg, WDEQ, LQD District I

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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
and Safeguards

Docket No. 40-6622
License No. SUA-442
Enclosure: License Amendment No. 58

cc: D. Wichers, COGEMA
A. Kleinrath, DOE
W. Hogg, WDEQ, LQD District I

CLOSES TAC LU0110

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