

January 4, 2006

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

SUBJECT: PATHFINDER MINES CORPORATION LUCKY MC SITE, SOURCE
MATERIALS LICENSE SUA-672, AMENDMENT 68 - ANNUAL SURETY
ESTIMATE ADJUSTMENT (TAC LU0111)

Dear Mr. Hardgrove:

By letter dated October 24, 2005, Pathfinder Mines Corporation (PMC) submitted for U.S. Nuclear Regulatory Commission (NRC) staff review and approval its revised surety estimate for the Lucky Mc site. The 2005 revised surety estimate is in the amount of \$802,716, which represents a \$64,462 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 reflects the completion of site closure, including the decommissioning of the ground-water corrective action system and all other site wells not required by the license for monitoring. Remaining site work includes the installation of U.S. Department of Energy (DOE) transfer boundary markers, installation of the site granite monument, and limited fence work. Additional costs included in the estimate are remaining monitoring and legal expenses, primarily related to transferring the site to DOE. PMC expects to transfer the site to DOE in 2006.

In its surety estimate, PMC computed a long-term surveillance fee of \$734,121, based on the Consumer Price Indices (CPIs) for December 1978 and September 2005. In its acknowledgment letter of December 12, 2005, NRC staff questioned whether or not the December 1978 CPI was acceptable or should the annual average be used. Upon further review, NRC staff determined that the December 1978 CPI is acceptable. Therefore, PMC correctly calculated the long-term surveillance fee. PMC also added a 15 percent contingency value for tailings reclamation 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. 68 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. 40-2259
License No. SUA-672

Enclosure: License Amendment No. 68

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. 40-2259
License No. SUA-672

Enclosure: License Amendment No. 68

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A. Kleinrath, DOE
W. Hogg, WDEQ, LQD District I

CLOSES TAC LU0110

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