

January 4, 2006

Mr. Michael L. Griffin  
Manager, Health and Safety, and Environmental Affairs  
Crow Butte Resources, Inc.  
86 Crow Butte Road  
P.O. Box 169  
Crawford, NE 69339-0169

SUBJECT: ANNUAL SURETY UPDATE, LICENSE AMENDMENT NO. 20, SOURCE MATERIALS LICENSE SUA-1534, CROW BUTTE RESOURCES, INC., CRAWFORD, NEBRASKA (TAC LU0108)

Dear Mr. Griffin:

By letter dated September 21, 2005, Crow Butte Resources, Inc. (CBR) submitted for U.S. Nuclear Regulatory Commission (NRC) staff review and approval its revised surety estimate for the Crawford, Nebraska, site. The 2006 revised surety estimate is in the amount of \$19,799,289, which represents a \$3,765,583 increase 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 following significant changes:

1. Initial operation of Mine Unit 10 with two well houses being installed by the end of 2006.
2. CBR's projection that 460 wells will be installed in Mine Unit 10, which is 200 wells over the 2005 estimate.
3. CBR's projection that 60 wells will be installed in Mine Unit 11.
4. Increasing the areal extent of Mine Units 8 through 10 by 1,878,000 square feet to reflect projected expansion in these areas.
4. Applying a 2.5 percent escalation factor based on the June 2004 and June 2005 Consumer Price Indices (CPIs) to labor and some materials costs.
5. Escalating chemical and energy costs (electricity and fuel oil) to account for inflation.

During our review, NRC staff noticed rounding errors in CBR's supporting spreadsheets created computational mistakes. NRC staff consulted with Nebraska Department of Environmental Quality (NDEQ) staff regarding these spreadsheet errors. On December 21, 2005, NDEQ informed NRC staff that it investigated the matter and concluded that the corrected surety amount is less than CBR's initial surety estimate by approximately \$29,000. Therefore, the State of Nebraska accepted the original surety estimate and CBR concurred. CBR will correct the rounding errors for the next surety update. Other than the small computational errors, CBR provides an adequate basis for estimating the surety amount. Therefore, the surety amount in License Condition 9.5 has been revised and License Amendment No. 20 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 enclosure, 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](mailto: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/NRC/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.: 40-8943  
License No.: SUA-1534

Enclosure: License Amendment No. 20

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                                  \RA\

Gary S. Janosko, Chief  
Fuel Cycle Facilities Branch  
Division of Fuel Cycle Safety  
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