

July 31, 2006

Mr. Timothy Knapp, Manager
Safety, Health, and Environmental Programs
Cabot Corporation
P.O. Box 1608
County Line Road
Boyertown, PA, 19512

SUBJECT: AMENDMENT NO. 8 TO SOURCE MATERIALS LICENSE NO. SMB-920 FOR CABOT CORPORATION TO UPDATE 2006 DECOMMISSIONING FUNDING PLAN (TAC NO. LU0129)

Dear Mr. Knapp:

By letter dated March 23, 2006, Cabot Supermetals, Inc. (CSM), provided a revised cost estimate for decommissioning the Boyertown, Pennsylvania site. The revision was based on the prior cost estimate, completed in March 2004, in support of the renewal of License SMB-920. However, it updates items that have changed at the site over the last two years.

The total cost estimated for decommissioning in 2004 was \$5,740,722. The revised total estimate is now \$2,287,523. This estimate represents a 60 percent decrease over 2004. In general, the documentation supporting the decrease quantifies the significant reduction in the volume of presscake that would require removal, packaging, transportation, and disposal when the site closes. Essentially, CSM has incurred a great deal of the costs that were attributed to decommissioning by disposing of the presscake over the past two years. The revised estimate reduces the estimated 4,000 MT of presscake for removal, transportation, and disposal to a maximum of 820 MT.

We also note the additional cost savings resulting from reductions in the disposal fees charged by Envirocare. The staff observes that the new surety appropriately accounts for the costs of inflation in the reclamation and restoration estimates and finds that the new surety is conservatively derived with the application of a 25 percent fee to the total reclamation and restoration costs for overhead, management, and contingencies, to account for any uncertainties in the proposed new surety estimate. The staff has reviewed the documentation submitted in support of this amendment request and finds it acceptable.

Based on the foregoing evaluation, the staff concludes that the proposed new surety (\$2,287,523) for Cabot Supermetals, Inc., is acceptable.

Source Materials License SMB-920 is amended by revising License Condition (LC) 15 to indicate that CSM shall continuously maintain approved surety instruments in the amount of no less than \$2,287,523 for the CSM facility and store a maximum of 820 MT of presscake at any one time. All other conditions of the license shall remain the same. The license is being reissued to incorporate the changes to LC 15. These changes are provided as Amendment No. 8 to Source Materials License SMB-920. CSM has 30 days from the date of this letter to

T. Knapp

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secure an acceptable surety arrangement and provide a copy to the Nuclear Regulatory Commission. An environmental review for this action was not performed since this action is categorically excluded under 10 CFR Part 51.22(c)(10).

If you have any questions regarding this letter or the enclosure, please contact Mr. Michael Raddatz of my staff at (301) 415-6334; by electronic mail to mgr@nrc.gov; by fax to (301) 415-5390; or by mail to the NRC Document Control Desk, Mr. Raddatz, Mail Stop T-8F42 at 11555 Rockville Pike, Rockville, MD 20852-2738.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," 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 Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

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.: 40-6940
License No.: SMB-920

Enclosure: Amendment No.8

cc: Robert Schoenfelder, Weston Solutions, Inc.

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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.: 40-6940
License No.: SMB-920

Enclosure: Amendment No.

cc: Robert Schoenfelder, Weston Solutions, Inc.

(CLOSES TAC LU0129)

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