

January 30, 2007

MEMORANDUM TO: Thomas McLaughlin, Project Manager
Materials Decommissioning Section
Decommissioning and Uranium Recovery Licensing Directorate,
FSME/DWMEP

FROM: Thomas Fredrichs, Project Manager **/RA/**
Special Projects Section
Decommissioning and Uranium Recovery Licensing Directorate,
FSME/DWMEP

SUBJECT: REVIEW OF AMBROSIA LAKE 2006 SURETY UPDATE

By letter dated June 13, 2006, Rio Algom submitted an updated decommissioning cost estimate for its Ambrosia Lake facility. The amount of the estimate was \$23,990,178.

The staff concluded that additional information is necessary. Details of unit costs, volumes, number of work-hours, et cetera, are needed to evaluate the adequacy of the cost estimate. The 10% value assigned for contractor overhead and profit should be justified. One acceptable method of justification is by comparison to similar contractor work in the licensee's area. Costs for the final status survey need to be included. The contingency factor needs to be increased to 25%. The licensee should refer to the Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities for more detailed guidance. The guidance is available in ADAMS, accession number ML020300533.

CONTACT: Thomas L. Fredrichs, FSME/DWMEP
(301) 415-5971

Docket: 04008905
License: SUA-1473

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(301) 415-5971

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NAME	T.Fredrichs		A.Persinko				
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