

RIO ALGOM MINING LLC
POST OFFICE BOX 218-GRANTS, NEW MEXICO 87020
505-287-8851

July 29, 2008

Mr. Tom McLaughlin, Project Manager
U.S. Nuclear Regulatory Commission
Mail Stop T-8F5
Washington, DC 20555

Subject: Ambrosia Lake Facility
License SUA-1473, Docket No. 40-8905
License Condition #22, Annual Surety Update

Dear Mr. McLaughlin,

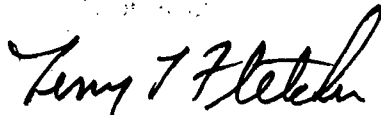
On May 28, 2008, Rio Algom LLC submitted the 2008 annual surety update for the source material license referenced above. After a July 24th phone conversation with Don Kline I would like to amend the submittal as follows:

I have included the entire C&E bid sheet showing the total cost of \$3,420,610.50. The increase in the request was only for the Interior Channel and the Exterior Channel, as the others are covered in previous line item bond calculations. I did neglect to include the tax on this total of \$2,790,755. The tax should have been \$121,795. I have included a revised chart to indicate the actual change in the rock value to \$3,000,528.

As stated in my first submittal, Rio Algom is not seeking a reduction in the bond at this time. Thank you for your assistance and clarification on this issue.

Should you have any questions regarding this submittal, please contact me at 505-287-8851 x 11 or by email at terry.fletcher@bhpbilliton.com.

Sincerely,



Terry L Fletcher
President

Attachment

XC: Don Sweeny
Document Control Center
File

Bid Form - Production and Delivery of Erosion Protection Rock

C & E Concrete, Inc.

Pond 2 - Inside Footprint

Size	Quantity (tons)	Production Unit Rate(\$/Ton)	Production Cost (\$)	Delivery Unit Rate(\$/Ton)	Delivery Cost (\$)	Total Cost (\$)
D ₅₀ = 1"	25,663		\$ 6.60		\$ 8.50	\$ 387,511.30
Pond 2 - Inside Footprint Cost						\$ 387,511.30

Pond 2 - Outside Footprint

Size	Quantity (tons)	Production Unit Rate(\$/Ton)	Production Cost (\$)	Delivery Unit Rate(\$/Ton)	Delivery Cost (\$)	Total Cost (\$)
D ₅₀ = 1"	16,684		\$ 6.60		\$ 8.50	\$ 251,928.40
D ₅₀ = 3.2"	12,299		\$ 6.60		\$ 8.50	\$ 185,714.90
D ₅₀ = 7.8"	7,515		\$ 8.50		\$ 8.50	\$ 127,755.00
D ₅₀ = 9.2"	4,748		\$ 8.50		\$ 8.50	\$ 80,716.00
Pond 2 - Outside Footprint Cost						\$ 646,114.30

Interior Channel

Size	Quantity (tons)	Production Unit Rate(\$/Ton)	Production Cost (\$)	Delivery Unit Rate(\$/Ton)	Delivery Cost (\$)	Total Cost (\$)
D ₅₀ = 1"	71,986 ✓		\$ 6.60		\$ 8.50	\$ 1,086,988.60
D ₅₀ = 7.8"	38,841		\$ 8.50		\$ 8.50	\$ 660,297.00
Interior Channel Cost						\$ 1,747,285.60

Exterior Channel

Size	Quantity (tons)	Production Unit Rate(\$/Ton)	Production Cost (\$)	Delivery Unit Rate(\$/Ton)	Delivery Cost (\$)	Total Cost (\$)
D ₅₀ = 1"	24,280		\$ 6.60		\$ 8.50	\$ 366,628.00
D ₅₀ = 3.2"	18,617 ✓		\$ 6.60		\$ 8.50	\$ 281,116.70
D ₅₀ = 7.8"	15,665		\$ 8.50		\$ 8.50	\$ 266,305.00
D ₅₀ = 9.2"	7,613		\$ 8.50		\$ 8.50	\$ 129,421.00
Exterior Channel Cost						\$ 1,043,470.70

	\$ 3,178,267.60
NM Sales Tax @7.625%	\$ 242,342.90
Total	\$ 3,420,610.50

Table 1
RIO ALGOM MINING LLC - AMBROSIA LAKE OPERATION
2008 Annual Surety Update
Completed Work Units

	Itemized	Subtotal	Complete
Pond 1			
Rock cover between trenches	\$39,919		November-05
Pond 1 - Northern diversion channel	\$67,745		June-05
Pond 1 - North Toe Trench - upper portion	\$25,544		June-05
Pond 1 - North Toe Trench - lower portion	\$26,935		June-05
Pond 1 - South Toe Trench	\$291,925		
		\$452,068	
Groundwater			
Shaft Plugging - Section 24	\$6,522		December-04
Ventilation hole Plugging - Section 24	\$9,708		January-05
Injection hole plugging - Section 24	\$11,058		January-05
Surface contour and revegetation - Section 24	\$38,746		January-05
Pumping of Section 30West Mines	\$61,080		February-06
Sampling and Analysis- bedrock	\$41,400		
Pumping of Interceptor Trench	\$8,612		February-06
Pumping of Evaporation pond 9 to Section 4	\$18,796		February-06
Treatment of Mine Water used for Groundwater Sweep	\$54,780		February-06
Sampling and Analysis - alluvium	\$12,096		
Well Plugging and Abandonment	\$12,450		
		\$275,248	
Section 4 Ponds			
Mobilization	\$1,000,000		July-05
Highway crossing	\$403,000		November-05
Removal and transport of materials to Pond 2	\$7,500,000		Nov-07
Removal of pipeline	\$6,800		
Radiation Survey of Pond Areas	\$56,927		
Soil Sampling of Pond Areas	\$10,585		
Laboratory Analysis of soil samples	\$129,104		
Revegetation of section 4 area	\$230,000		
Geotechnical testing (QA/QC) of placed materials at Pond 2	\$550,000		
Cost to construct radon barrier	\$750,000		
Pond 2 - Radon Flux tetsting of radon barrier	\$21,825		
Cost to purchase and deliver erosion protection	\$649,013		
Cost to place erosion protection	\$102,600		
		\$8,903,000	
Intercept Trench			
Cost to backfill trench - Earthwork	\$1,733,120		May-07
Trench - Geotechnical QA/QC testing costs	\$16,030		May-07
Cost for geotechnician for backfill project	\$78,318		May-07
		\$1,827,468	
	Subtotal ---->	\$ 11,457,783	Decrease
Rio Del Puerto Diversion Channel			
Rock purchase	\$ 3,003,528		
Contract price to construct by CRA	\$ 2,548,220		
		\$ 5,551,748	Increase
	Total	\$ 5,906,035	Net Decrease

Note:

Work activities associated with Pond 1, Groundwater, and Section 4 Pond catergoies were requested in the 2006 submittal.
Completed work activities indicated by blue numbers for 2006.
Completed work activities indicated by Red numbers for 2007.