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ExxonMobil

VIA OVERNIGHT MAIL

December 3, 2008

Dr. Tom McLaughlin, Decommissioning Branch
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and Environmental Management Programs
United States Nuclear Regulatory Commission
Washington, DC 20555-0001

**RE: Docket No. 40-8102, Radioactive Material License No. SUA-1139,
Highland Reclamation Project,
2008-2009 Surety Update**

Dear Dr. McLaughlin:

Condition 23 of License No. SUA-1139 requires the Licensee to supply an annual update of the tailings basin surety amount for U.S. Nuclear Regulatory Commission (NRC) approval.

The previous amount of the surety was \$1,250,000. However, ExxonMobil has increased the amount of the financial surety to \$2,000,000, to reflect potential property acquisition costs. The surety is in the form of a Performance Bond and Standby Trust agreement that was approved by the NRC in its letter dated March 11, 2002. Attachment I provides detailed information on remaining reclamation costs. Section IV was updated to reflect current subcontractor costs.

Please contact me at (281) 654-8458 if you have any questions.

Sincerely,



Mahesh Vidyasagar
Project Manager

MV
Attachment

cc: Bruce Wielinga -- AMEC
Rebecca Bilodeau – Tetra Tech
File – Financial Surety

**ATTACHMENT I
HIGHLAND RECLAMATION PROJECT
FOR PERIOD OF NOVEMBER 2008 TO NOVEMBER 2009**

I. FACILITY DECOMMISSING – COMPLETE

The Highland Mill is now possessed by Power Resources, Inc. under their NRC license. Their bond is in place.

The tailing disposal pipeline and pump house facilities at the tailing basin were decommissioned by 1985.

II. TAILING BASIN AREA GROUNDWATER RESTORATION AND WELL PLUGGING \$220k SURETY REMAINING

A. Groundwater restoration complete pursuant to issuance of Alternate Concentration Limits in Amendment No. 49 to the Material License.

B. Verification Sample Analyses – \$100k

Thirty wells (25 wells on ExxonMobil property and five well on adjacent property) are monitored semi-annually, but five of these are dry. Monitoring costs for two years are estimated at \$100k, based on annual labor costs of \$30k/year for well sampling and \$20k/year for sample analyses. Analytical costs are based on all parameters required by License Condition No. 33 and the current contract for analytical services from a commercial laboratory.

C. Adjacent property lease/purchase agreements – \$600k

D. Well plugging –\$45k

Plug 30 wells @ \$1.5k. All are wells with 4” or 6” casing. Plugging will be in accordance with license commitments.

III. INTERIM STABILIZATION DURING DRYING OUT PHASE – COMPLETE

IV. TAILINGS IMPOUNDMENT AREA RECLAMATION – \$50k SURETY REMAINING

| | <u>\$k</u> |
|--|------------|
| Contour Tailings – COMPLETE | - |
| Strip Topsoil – COMPLETE | - |
| Slope Dam – COMPLETE | - |
| Build PMF Channel – COMPLETE | - |
| Slope South Side/Set Back – COMPLETE | - |
| Cover 155 Acres Tailings 3 ½ Feet – COMPLETE | - |
| Topsoil 359 Acres – COMPLETE | - |
| Revegetate 359 Acres Cover Crop – COMPLETE | - |
| Permanent Vegetation – COMPLETE | - |
| Rock Mulch Dam Crest – COMPLETE | - |
| Rock Mulch 20 Acres – COMPLETE | - |
| Topsoil 11 KBCY – COMPLETE | - |
| Riprap Low Flow Channels – COMPLETE | - |
| Geotechnical/Surveying Oversight – COMPLETE | - |

| | |
|--|-----------|
| Fencing – 5 miles @\$2.00/ft. | 20 |
| Repairs, Maintenance, Revegetation – 2 years @ \$10/year | <u>30</u> |
| TOTAL | 50 |

V. DECOMMISSION SEEPAGE MITIGATION SYSTEM AND RECLAMATION OF WICK AREA
(SITE OF EVAPORATION PONDS) – COMPLETE

| | |
|--|------------|
| | <u>\$k</u> |
| Remove Equipment – COMPLETE | - |
| Reclaim Generator Site – COMPLETE | - |
| Bring Wick Area to Grade and Cover – COMPLETE | - |
| Channel Rock – COMPLETE | - |
| Testing and Oversight – COMPLETE | - |
| Revegetate 40 Acres Wick Area and 10 Acres Topsoil Piles (Piles #21 and #25) – COMPLETE | - |
| Riprap Gullies on Diversion Channel – COMPLETE | <u>-</u> |
| TOTAL | - |

VI. RADIOLOGICAL SURVEYS AND SOIL SAMPLING – COMPLETE

VII. RECLAIM TAILING BASIN TRAIL – COMPLETE

| | |
|--|------------|
| | <u>\$k</u> |
| Decontamination and Contouring – COMPLETE | - |
| Topsoiling 8 Acres – COMPLETE | - |
| Revegetate 8 Acres Cover Crop – COMPLETE | - |
| Revegetate 8 Acres Permanent Vegetation – COMPLETE | <u>-</u> |
| TOTAL | - |

VIII. PROJECT MANAGEMENT AND MISCELLANEOUS – \$80k SURETY REMAINING

Two years @ \$40k/year – \$80k

IX. SUB-TOTAL \$350k

X. 15% CONTINGENCY \$53k

XI. LONG-TERM SURVEILLANCE AND CONTROL FEE - \$839k SURETY REMAINING

\$250k in 1978\$ escalates to \$839k in 2008\$

XII. TOTAL \$1,767k

XIII. CURRENT APPROVED SURETY \$2,000k

XIV. RECOMMENDED APPROVAL \$2,000k

XV. ACTUAL SURETY IN PLACE \$2,000k