

February 18, 2009

Mr. Thomas Gieck, Remediation Manager
Umetco Minerals Corporation
P.O. Box 1029
Grand Junction, CO 81502

SUBJECT: LICENSE AMENDMENT 61, THE UMETCO MINERALS CORPORATION'S
SURETY UPDATE FOR THE GAS HILLS URANIUM MILL SITE, SUA-648
(TAC J00566)

Dear Mr. Gieck:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of the surety estimate submitted by Umetco Minerals Corporation's (Umetco) letter dated June 13, 2008, as revised January 9, 2009. The staff's technical evaluation report (Enclosure 1) determined that the report adequately demonstrates compliance with the applicable regulations. Therefore, the NRC staff has approved the report and the proposed NRC surety amount of \$1,131,228 and License Condition 55 has been revised to reflect this. The amended license is enclosed (Enclosure 2).

An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22 (c)(10)(i) as a change in a surety. If you have any questions concerning this letter or the enclosures, please contact Mr. Richard Chang at (301) 415-7188 or via e-mail to richard.chang@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 component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams>.

Sincerely,

/RA/

Keith I. McConnell, Deputy Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 40-0299
License No.: SUA-648

Enclosures:

1. Technical Evaluation Report
2. Umetco License Amendment No. 61

cc: M. Moxley, DEQ WY

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(CLOSE TAC J00566)

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TECHNICAL EVALUATION REPORT FOR
UMETCO MINERALS CORPORATION'S PROPOSED SURETY
FOR THE GAS HILLS URANIUM TAILINGS SITE

Docket No.: 40-0299 **License No.:** SUA-648

DATE: January 15, 2008

FACILITY: Umetco Minerals Corporation - Gas Hills Uranium Tailings Site, Wyoming

TECHNICAL REVIEWER: Richard Chang, Kenneth Kline

PROJECT MANAGER: Richard Chang

SUMMARY AND CONCLUSIONS:

By letter dated June 13, 2008 (ML081930226), Umetco Minerals Corporation (Umetco) submitted the annual surety estimate for its Gas Hills uranium tailings site. The staff reviewed the document and requested additional information on October 27, 2008 (ML082940171). Umetco's response and revised surety cost estimate was submitted by letter dated January 9, 2009 (ML090140331). Additionally, on September 8, 2008 (ML081780626), NRC staff approved Umetco's Construction Completion Report, which demonstrated the completion of site reclamation. Based on this information and the approved Construction Completion Report, the staff has determined that the revised surety amount meets regulatory requirements and adequately provides for the completion of license termination activities at the site.

BACKGROUND:

The Umetco Gas Hills site is located in a remote area of central Wyoming, in Fremont and Natrona Counties, approximately 60 miles east of Riverton. The restricted area of the site consists of approximately 542 acres, of which Umetco owns 280 acres and the rest is under the jurisdiction of the U.S. Bureau of Land Management. The mill was constructed in 1959 and was shut down in 1984. Mill building decommissioning was completed in 1993. Site reclamation was completed in 2006, and approved by NRC on September 8, 2008.

For the 2008 surety update, Umetco reduced the estimated costs to reflect the completion and approval of reclamation and deleted previous cost estimates for work already performed and documented. The State of Wyoming still holds the bond (financial assurance instrument) for both the Wyoming and NRC reclamation amounts. The current NRC portion of the surety is \$9,662,086.

TECHNICAL EVALUATION:

The NRC staff evaluated the surety update information against the guidance in NUREG-1620, Rev. 1, Appendix C, and the regulations in 10 CFR Part 40, Appendix A, Criteria 9 and 10. Staff noted that the submittal met the license requirement for a surety update to be submitted 3 months prior to the September 13 anniversary date.

The individual costs included 10 percent for contractor's overhead and 10 percent for profit on unit costs. Also, 15 percent was added to the remaining costs for contingencies. The sub-total estimated cost was \$337,938. With addition of the Long-Term Surveillance fee, the proposed NRC surety is \$1,131,228.

The Gas Hills Pond No. 2, C-18 Pit, North and South Evaporation Ponds, and the Windblown Area, have all been reclaimed according to the site reclamation plans.

Groundwater Monitoring/Well Abandonment

Umetco requested and was authorized to use Alternate Concentration Limits for groundwater in March 2002. Excess wells have been reclaimed. Monitoring, as required by license condition was estimated to be \$42,700, based on current costs.

Fencing

In their January 9, 2009 letter, the licensee stated that they have completed construction of the fencing to restrict access to the site. However, to be conservative, the cost to complete the fencing is still included in the licensee's cost estimate for \$70,677.

Miscellaneous Costs

Site utilities, taxes, legal expenses, and a salary for a radiation safety officer were estimated by the licensee to be \$120,624. These miscellaneous expenses have gone down significantly since NRC approval of the reclamation activities at the site. Additional costs for final completion were estimated to be \$103,937 for site transfer activities.

Long-Term Surveillance Fee

The Long-Term Surveillance (LTS) fee was calculated correctly to be \$793,290. It is expected that no additional costs (e.g., groundwater monitoring or fence maintenance) will be identified in the LTS fee. This will be confirmed during review of the draft LTS Plan.

Conclusions:

The staff determined that the itemized activities in the submitted cost estimate reflect the anticipated efforts needed to complete license termination and to transfer the site to the U.S. Department of Energy for LTS. The proposed surety amount has been appropriately derived from reasonable itemized cost estimates.

Proposed License Condition Change:

Revise License Condition 55 to change the required surety amount to read "\$1,131,228."