



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

February 22, 1999

Mr. Gary Chase, Radiation Safety Officer
Union Pacific Resources
Bear Creek Uranium Company
P.O. Box 366
Casper, WY 82602

SUBJECT: 1999 ANNUAL SURETY UPDATE FOR BEAR CREEK URANIUM FACILITY
AMENDMENT NO. 40 TO LICENSE SUA-1310

Dear Mr. Chase:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of the annual surety update for the Bear Creek Uranium Company (BCUC) facility as submitted in your letter of October 27, 1998. The review found the proposed surety to be acceptable.

BCUC requested that the current surety arrangement, whereby a bond is held by the State of Wyoming, be reduced to reflect work completed at the Bear Creek site. The NRC portion of the reclamation performance bond is currently \$5,964,983. BCUC has requested a reduction to \$3,937,303. Based on costs of work completed and cost estimates of work to be completed, the NRC staff concluded that the surety amount required by BCUC is adequately provided for by the proposed bond amount. In its calculation of the revised surety amount, Bear Creek also considered the effects of inflation from September 1997 to September 1998 and applied a 1.5 percent increase to the proposed surety amount.

Therefore, based on the staff's review, the surety amount in License Condition 27 of Source Material License SUA-1310 is modified to \$3,937,303. A copy of the staff's Technical Evaluation Report for this action is Enclosure 1. The amended license is Enclosure 2.

If you have any questions concerning this letter, please contact the NRC Project Manager, Mr. Kenneth Hooks at (301) 415-7777.

Sincerely,

A handwritten signature in cursive script, reading "N. King Stablein", is written over the typed name.

N. King Stablein, Acting Chief
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8452
License No. SUA-1310

Enclosures: As stated

cc: R. Chancellor, WDEQ

TECHNICAL EVALUATION REPORT

DATE: February 16, 1999

DOCKET NO.: 40-8452 License No. SUA-1310

LICENSEE: Bear Creek Uranium Company (BCUC)

FACILITY: Bear Creek

PROJECT MGRS: Ken Hooks and Jill Caverly

TECHNICAL
REVIEWERS: Daniel Rom and Richard Turtill

SUMMARY AND CONCLUSIONS:

The licensee provided the annual surety update by letter of October 27, 1998. The licensee's current bond with the Wyoming Department of Environmental Quality (WQED) includes \$5,964,983 for the NRC portion of the reclamation work. The licensee proposed to reduce that amount by \$2,027,680 to account for work already completed at the site. Based on its review of information provided by the licensee, the staff considers the new cost estimate of \$3,937,303 proposed by the licensee for the remaining NRC portion of the reclamation work to be acceptable.

DESCRIPTION OF LICENSEE'S REQUEST:

In its October 27, 1998, submittal, the licensee provided cost summaries of monies spent for work completed and cost of remaining work related to tailings reclamation. The licensee's cost summary supports a revised surety amount of \$3,937,303 for the NRC portion of the reclamation performance bond held by the WDEQ. The licensee's surety figure represents a decrease of \$2,027,680 from last year's approved value.

The reductions for work completed have been documented in the Licensee's submittal. The cost items for which individual reductions are sought include: 1) Mobilization, 2) Tailings Relocation, 3) Radon Barrier, 4) Topsoil, 5) Channel Cut, 6) Rock Structures, 7) Revegetation, and 8) Engineering/Management/Well Abandonment. For items where the estimated bond amount exceeded the bid amount, a conservative approach to estimate the tailings reclamation cost was used. In such cases, the cost to date was subtracted from the estimated bond amount. Conversely, where the bond estimate was lower than the actual cost, the adjustment was based on the percentage of work completed. Adjustments to the remaining cost were made to reflect a 1.5 percent increase in the Consumer Price Index for the preceding 12 months. Applicable contingencies remain in effect.

Enclosure

TECHNICAL EVALUATION:

The staff considers the revised surety estimate of \$3,937,303 to be acceptable based on the information provided by the licensee. BCUC requested that the current surety arrangement, whereby the bond is held by the State of Wyoming, be reduced to reflect work completed at the Bear Creek site. NRC staff considers that the revised surety amount to complete NRC reclamation requirements should be adequately provided for by the proposed amount of \$3,937,303. In its calculation of the revised surety amount, Bear Creek considered the effects of inflation from September 1997 through September 1998 and applied a 1.5 percent increase to the proposed surety amount.

RECOMMENDED LICENSE CHANGE:

The staff concluded that the proposed NRC surety amount of \$3,937,303 is acceptable. Pursuant to Title 10 of the Code of Federal Regulations, Part 40, Source Material License SUA-1310 is amended by revising License Condition 27 as follows:

27. The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination of the mill site, for reclamation of any tailings or waste disposal areas, ground-water restoration as warranted and the long-term surveillance fee. Within 3 months of NRC approval of a revised reclamation/decommissioning plan, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly approved plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within 3 months of written NRC approval.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC at least 3 months prior to the anniversary date which is designated as January 30. If the NRC has not approved a proposed revision to the surety coverage 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing surety arrangement for 1 year. Along with each proposed revision or annual update, the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed and any other conditions affecting estimated costs for site closure. The licensee shall also provide the NRC with all surety related correspondence submitted to the State, a copy of the State's surety review and the final approved surety arrangement. The licensee shall also ensure that the surety, where authorized to be held by the State, expressly identifies the NRC portion of the surety and covers the decommissioning and decontamination of the mill site, reclamation of the tailings and waste disposal areas, soil and water sample analyses to confirm decontamination, ground-water restoration as warranted and the transfer of the long-term surveillance fee to the U.S. General Treasury. The basis for the cost estimate is the NRC-approved reclamation/decommissioning plan or NRC-approved revisions to the plan. The NRC report, "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates," outlines the minimum considerations used by the NRC in the review of site closure estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

Bear Creek's currently approved surety, a Corporate Guarantee (Union Pacific Resources Group, Inc.) with the State of Wyoming, shall be continuously maintained in an amount no less than \$3,937,303 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by both the State of Wyoming and the NRC.

[Applicable Amendments: 10, 19, 30, 31, 38, 40]

All other conditions of the license shall remain the same.

ENVIRONMENTAL IMPACT EVALUATION:

An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22(c)(10).

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Sincerely,
[Signed by]
N. King Stablein, Acting Chief
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8452
License No. SUA-1310
Enclosures: As stated

cc: R. Chancellor, WDEQ

Case closed: L51774

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