

July 18, 2012

Mr. Larry Bush
Vice President
United Nuclear Corporation
P.O. Box 3077
Gallup, NM 87305-3077

SUBJECT: LICENSE AMENDMENT NO. 46 FOR SOURCE MATERIAL LICENSE NO. SUA-1475 FOR THE UNITED NUCLEAR CORPORATION - CHURCH ROCK MILL SITE – 2012 ANNUAL SURETY UPDATE

Dear Mr. Bush:

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of United Nuclear Corporation's (UNC's) March 21, 2012 [ML1211701901], annual update of the financial surety used by UNC for the Church Rock Mill Site located in Gallup, New Mexico to satisfy its financial assurance requirements under Title 10, Code of Federal Regulations, Part 40, Appendix A, Criterion 9, and License Condition No. 25 of Source Material License SUA-1475. On June 1, 2012, UNC submitted a copy of the bond [ML12159A4032] updating the surety amount and correcting the original calculation of the Consumer Price Index for all urban consumers (CPI-U). The proposed new surety amount to be maintained in favor of the NRC is \$3,171,612. The revised surety applied an increase in the CPI-U of 1.88% for the period March 2011 (index=223.5) through February 2012 (index=227.7), resulting in an increase of \$58,526 from the previous amount of \$3,113,086. The NRC staff confirmed that the CPI-U realized an increase of 1.88% for the period March 2011 to February 2012.

During the review, the staff identified a discrepancy with respect to the original bond date posted on the bond rider. The discrepancy was discussed with the UNC licensing manager from General Electric, and it was determined that the original bond date posted was not correct. The staff recommended that the licensee correct the effective date of the original bond on the bond rider for next year's submittal and provide a statement clarifying the reason for the correction. This recommendation was accepted by the licensee.

Given that there is no change in UNC's current reclamation/decommissioning plan, the increase in the proposed surety (due strictly to inflation) is acceptable. However, UNC will be required to perform a re-baseline of the surety cost estimate that is maintained in favor of the NRC if the results of the Site Wide Supplemental Feasibility Study significantly changes the conditions used in the 2004 baseline calculations approved by the NRC or if mine waste from the Northeast Church Rock Mine Site is disposed in existing tailings cells at the UNC Church Rock Mill Site.

Pursuant to 10 CFR Part 40, Source Material License No. SUA-1475 for the UNC Church Rock Mill Site is hereby amended, and License Amendment No. 46 is being issued, to reflect the increased surety amount. An NRC environmental assessment for this licensing action is not required as the license amendment to modify the amount of the surety is categorically excluded under 10 CFR 51.22(c)(10)(i), and the license amendment to correct the original bond date is

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categorically excluded under 10 CFR 51.22(c)(10)(v) as it is an editorial or corrective amendment to fix a typographical error.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," 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 the NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions, please contact Ms. Yolande Norman at (301) 415-7741 or by e-mail at yolande.norman@nrc.gov.

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.: 40-8907
License No.: SUA-1475

Enclosure:
License Amendment No. 46

cc: UNC Church Rock Distribution List

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If you have any questions, please contact Ms. Yolande Norman at (301) 415-7741 or by e-mail at yolande.norman@nrc.gov.

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
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Docket No.: 40-8907
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