

August 6, 2012

Mr. Thomas E. Gieck
UMETCO Minerals Corporation
P.O. Box 1029
Grand Junction CO 81502

SUBJECT: LICENSE AMENDMENT - UMETCO MINERALS CORPORATION 2012 SURETY
UPDATE FOR THE GAS HILLS URANIUM TAILINGS SITE SUA-648 (J00676)

Dear Mr. Gieck:

On June 12, 2012, Umetco Minerals Corporation (UMETCO) submitted its annual surety estimate for its Gas Hills uranium tailings site to the U.S. Nuclear Regulatory Commission (NRC), as required by License Condition 55 of UMETCO's radioactive materials license (SUA-648). The NRC staff has completed its review of UMETCO's surety estimate. Based on this review, the NRC staff has approved the revised surety amount of \$1,024,733. The NRC staff's evaluation is summarized in the enclosed Technical Evaluation Report. The amended license, with revised License Condition 55 reflecting the new surety amount, is also enclosed. An environmental assessment was not performed for this action as it is categorically excluded pursuant to 10 CFR 51.22 (c)(10)(i).

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>.

If you have any questions concerning this letter or the staff's evaluation, please contact Dominick Orlando at 301-415-6749 or by email at Dominick.Orlando@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.: 40-0299
License No.: SUA-648

Enclosures:

1. Technical Evaluation Report
2. License Amendment 68

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DATE	7/31/12	8/1/12	8/1/12	8/2/12	8/6/12

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**TECHNICAL EVALUATION REPORT FOR
UMETCO MINERALS CORPORATION'S PROPOSED 2012 SURETY
FOR THE GAS HILLS URANIUM TAILINGS SITE,
FREMONT AND NATRONA COUNTIES, WYOMING**

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

DATE: July 19, 2012

FACILITY: UMETCO Minerals Corporation – Gas Hills Uranium Tailings Site, Fremont and Natrona Counties, Wyoming

TECHNICAL REVIEWERS: Dominick Orlando, Reginald Augustus

PROJECT MANAGER: Dominick Orlando

SUMMARY AND CONCLUSIONS

By letter dated June 12, 2012 [ML12165A586] Umetco Minerals Corporation (UMETCO) submitted the annual surety estimate for 2012 for its Gas Hills uranium tailings site in Fremont and Natrona counties, Wyoming. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed the estimate and has determined that the surety amount meets NRC's regulatory requirements. The costs for the Erosion Protection Enhancement work have been excluded as work was completed in 2011 (License Condition 63) and was accepted by NRC per letter dated May 11, 2012 and NRC field inspection on June 5, 2012.

BACKGROUND:

The UMETCO Gas Hills site is located in a remote area of Wyoming, in Fremont and Natrona counties, approximately 60 miles east of Riverton, Wyoming. The restricted area of the site consists of approximately 542 acres, of which UMETCO owns 280 acres. The remainder of the site 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 in 2008. The Erosion Protection Enhancement work was completed 2011 and approved by NRC in 2012.

TECHNICAL EVALUATION

The NRC staff evaluated the surety estimate pursuant to the regulations in Title 10 of the Code of Federal Regulations (10 CFR), Part 40, Appendix A, Criteria 9 and 10. The review is also guided by the guidance in NUREG-1620, Rev. 1, Appendix C. The staff notes that the licensee has met the requirement to submit its annual surety estimate three months prior to the anniversary date of September 13. The staff finds that the revised cost estimate is based on the costs of a third party contractor, and includes a 15% contingency factor. The licensee proposes to adjust its financial assurance proportional to the change in the Consumer Price Index (CPI) to an amount of \$1,024,733. The staff finds that the licensee relied on the latest available CPI figure, which at the time of the submittal was the April 2012 figure, to escalate its costs.

Groundwater Monitoring Costs

UMETCO requested and was authorized to use Alternative Concentration Limits for groundwater in March 2002. Excess wells have been reclaimed. Groundwater monitoring, as required by license condition, based on the costs of a third party contractor and escalated to April 2012 in United States Dollars (USD), is estimated to be \$45,740.

Miscellaneous Costs

The licensee estimates the aggregate costs of site taxes, legal expenses related to the land transfer and the salary of the radiation safety officer to be \$129,214. The costs for final completion were removed from the 2012 submittal by the licensee based on no identified additional technical reports that need to be submitted. The staff finds that these costs are based on costs of a third party contractor and are escalated to April 2012 in USD.

Long-Term Surveillance Fee

The Long-Term Surveillance (LTS) Fee was escalated to April 2012 in USD to an amount of \$849,778. On August 6, 2009, the Department of Energy submitted a draft Long-Term Surveillance Plan (LTSP) to NRC for the UMETCO Gas Hills site [ML092250176]. The NRC staff is currently reviewing the draft LTSP. Until such time as the staff completes its review, it is not clear whether the LTS fee will need to be adjusted.

Proposed License Condition Change:

Revise License Condition 55 to change the required surety amount to read: \$1,024,733.