

March 28, 2013

Mr. Alan D. Cox, Project Manager
Grants Reclamation Project
Homestake Mining Company
P.O. Box 98/Highway 605
Grants, NM 87020

SUBJECT: 2012 ANNUAL SURETY UPDATE FOR THE HOMESTAKE MINING COMPANY
GRANTS RECLAMATION PROJECT, AMENDMENT NO. 46 TO SOURCE
MATERIALS LICENSE SUA-1471 (DOCKET: 40-8903)

Dear Mr. Cox:

By letter dated March 29, 2012 (ML12096A074), with additional information on March 30, 2012 (ML13036A023), May 3, 2012 (ML13036A022), February 28, 2013 (ML13084A091), and March 12, 2013 (ML13078A063), Homestake Mining Company (HMC) submitted its annual financial surety update for the Grants Reclamation Project (Grants), as required by 10 CFR Part 40, Appendix A, Criteria 9 and 10, and License Condition (LC) 28 of HMC's Source Materials License SUA-1471. The HMC proposed 2012 surety for Grants is \$81,848,652 and is comprised of total project reclamation project costs of \$70,441,658, a contingency fee of \$10,566,249 estimated at 15 percent of the aforementioned total project costs, and an estimated minimum long-term surveillance fee of \$840,746.

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of the proposed 2012 surety for Grants using the guidance provided in NUREG-1620, Rev. 1, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailings Sites Under Title II of the Uranium Mill Tailings Radiation Control Act of 1978," June 2003. The staff has evaluated the detailed individual elements of the decommissioning and reclamation costs for the Grants Project and considers the HMC estimates to be comprehensive, reasonably derived, and appropriate. All estimated decommissioning and reclamation costs for contractor and consultant services include the costs for labor and equipment, overhead, and profit. The staff finds that the surety portion for minimum long-term surveillance is appropriate.

The staff notes that the significant increase in the decommissioning cost estimate from 2011 to 2012 is due to an estimated 5 year delay in completion of decommissioning activities at the HMC site. The 2012 decommissioning cost estimate is based on completion of decommissioning activities in 2022, as described in the HMC revised Corrective Action Plan (CAP). HMC submitted the revised CAP for NRC review and approval in March 2012. Although NRC has not yet approved the revised CAP, including the proposed five year schedule delay, HMC's increased decommissioning cost estimate ensures that HMC will have a surety that is at least sufficient at all times to cover the cost of decommissioning and reclamation of the HMC site, in accordance with 10 CFR Part 40, Appendix A, Criterion 9. Based on the foregoing review, the staff concludes that the 2012 proposed surety (\$81,848,652) for Grants is acceptable.

Based on the staff's review as noted above, Source Materials License SUA-1471 is amended by revising LC 28 to indicate that HMC's surety shall be continuously maintained in an amount no less than \$81,848,652 until a replacement is authorized by the NRC. The aforementioned modification to LC 28 is provided as Amendment No. 46 to Source Materials License SUA-1471 (enclosed). All other conditions of the license shall remain the same. An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22 (c)(10).

If you have any questions regarding this letter or the enclosure, please contact John Buckley at (301) 415-6607 or by e-mail to john.buckley@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.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Andrew Persinko, 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.: 40-8903
License No.: SUA-1471

Enclosure: Amendment No. 46

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Sincerely,

Andrew Persinko, 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

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