

Rio Algom Mining LLC

June 28, 2013

Mr. Tom McLaughlin
United States Nuclear Regulatory Commission
Mail Stop T-8F5
Washington, DC 20555

Subject: Rio Algom Mining LLC – Ambrosia Lake Facility
License No. SUA-1473, Docket No. 40-8905
2013 Surety Update – License Condition #22

Dear Mr. McLaughlin;

Rio Algom Mining LLC is pleased to submit the 2013 annual surety update for the above referenced source material license. The surety calculations are consistent with 10CFR40, Appendix A, Criteria 9 and 10.

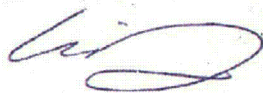
The work over the last fiscal year consisted primarily of monitoring and investigative work on groundwater and the mill yard area. In addition, the scope of work for the remaining surface reclamation was initiated in February 2013 and will continue beyond this fiscal year. This effort resulted in a decrease in the anticipated completion costs of the direct activity costs to \$9,952,003 compared against the 2012 surety calculated amount of \$11,465,773.

The indirect costs in this submittal were revised following the NRC guidance provided by letter in August 2012. The 2013 estimate of indirect plus total contingency is \$5,901,178.

The total estimated cost to complete the work by a third-party is approximately \$15,853,181. The enclosed tables summarize the revisions 2013 surety calculations. Rio Algom Mining LLC currently retains a financial surety instrument in the amount of \$16,000,000. Rio Algom Mining LLC requests approval to retain the current financial surety instrument in place.

If you have any questions on this matter or require additional information, please contact me at (505) 287-8851 x 19 or by e-mail at billy.wm.ray@bhpbilliton.com.

Respectfully submitted,



Billy Ray
Site Manager

**RIO ALGOM MINING LLC - AMBROSIA LAKE OPERATION
FINANCIAL ASSURANCE COST ALLOCATION
Tailings Reclamation**

June 30, 2013

Activity	Unit/Quantity	Unit Rate	Task Estimate	Source
Cleanup Hot Spots	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Contaminated Soil Removal	0	3.99	0	Complete - June 2013
Clean Soil Backfill	0	4.09	0	Complete - June 2013
Site Wide Revegetation	<u>Acres</u>	<u>\$/Acre</u>	<u>\$</u>	
Seeding and Mulch	350	952.00	333,200	Contractor Estimate
100 Year Channel	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Channel Excavation	0	9.80	0	Complete - June 2013
Backfill and Embankment	0	3.60	0	Complete - June 2013
1" Rock Placement	45,330	4.41	199,905	Contractor Estimate
7.8" Rock Placement	31,070	11.59	360,101	Contractor Estimate
Borrow Site Reclamation	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Overburden Excavation and Fill	580,000	0.85	493,000	Contractor Estimate
Pond 7 & 8 Erosion and Diversion	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Backfill	2,000	4.56	9,120	Contractor Estimate
Channel Excavation	10,000	13.44	134,400	Contractor Estimate
Channel Fill	10,000	3.32	33,200	Contractor Estimate
1" Rock Placement	20,000	5.28	105,600	Contractor Estimate
9.2" Rock Placement	5,000	10.27	51,350	Contractor Estimate

Total 1,719,877

RIO ALGOM MINING LLC - AMBROSIA LAKE OPERATION
FINANCIAL ASSURANCE COST ALLOCATION
Groundwater

June 30, 2013

Activity	Task Estimate	Source
Monitor Well Replacement	0	Complete - January 2013
Monitor Well Closure	134,301	Consultant Estimate
Stability Monitoring Program	78,186	Consultant Estimate
Monitoring (DP-169 & 362)	315,550	Consultant Estimate
Total	528,038	

RIO ALGOM MINING LLC - AMBROSIA LAKE OPERATION
FINANCIAL ASSURANCE COST ALLOCATION
Mill Decommissioning

June 30, 2013

Activity	Unit/Quantity	Unit Rate	Task Estimate	Source
Mill Yard Soils Clean-Up & Pond Closure	CY	\$/CY	\$	
Contaminated Soil Consolidation	0	4.27	0	Complete - May 2013
Contaminated Soil Removal	0	5.52	0	Complete - May 2013
Clean Backfill and Regrading	127,000	5.11	648,970	Contractor Estimate
Radon Barrier Placement	6,700	16.14	108,138	Contractor Estimate
1" Rock Placement	675	5.41	3,652	Contractor Estimate
7.8" Rock Placement	425	7.67	3,260	Contractor Estimate
Building Demolition			\$	
Asbestos Disposal	Lump Sum		173,250	Contractor Estimate
Haz Waste Disposal	Lump Sum		5,253	Contractor Estimate
Building Demolition	Lump Sum		354,000	Contractor Estimate
Substation Fencing	Lump Sum		200,000	Contractor Estimate

Total 1,496,523

RIO ALGOM MINING LLC - AMBROSIA LAKE OPERATION
FINANCIAL ASSURANCE COST ALLOCATION
Lined Pond Closure

June 30, 2013

Activity	Unit/Quantity	Unit Rate	Task Estimate	Source
Pond 2 Cover Rock Purchase	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Pond 2 - Cover Rock Purchase - 1"	42,410	16.00	678,560	Contractor Estimate
Pond 2 - Cover Rock Purchase - 3.2"	12,299	16.00	196,784	Contractor Estimate
Pond 2 - Cover Rock Purchase - 7.8"	7,515	17.90	134,519	Contractor Estimate
Pond 2 - Cover Rock Purchase - 9.2"	4,748	17.90	84,989	Contractor Estimate
Pond 2 Cover Placement	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Pond 2 - Cover Clay Placement	376,000	5.00	1,880,001	Contractor Estimate
Pond 2 - Regrade	211,000	2.76	582,360	Contractor Estimate
Pond 2 - Cover Rock Placement - 1" (Includes Apron)	42,410	4.07	172,608	Contractor Estimate
Pond 2 - Cover Rock Placement - 3.2"	12,299	12.31	151,404	Contractor Estimate
Pond 2 - Apron/Channel Rock Placement - 7.8"	7,515	11.56	86,873	Contractor Estimate
Pond 2 - Apron/Channel Rock Placement - 9.2"	4,748	11.02	52,317	Contractor Estimate
Section 4 Hot Spot Removal	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Remaining Contaminated Soil	30,000	17.60	528,000	Contractor Estimate
Scanning and Survey	Lump Sum		300,000	Consultant Estimate
Dose Assessment	Lump Sum		275,000	Consultant Estimate
Section 4 Final Contour	<u>Acres</u>	<u>\$/Acre</u>	<u>\$</u>	
Regrade	300	256.00	76,800	Contractor Estimate
Reseed	300	952.00	285,600	
Borrow Site Reclamation	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Overburden Excavation and Fill	555,000	0.85	471,750	Contractor Estimate
Highway Overcrossing Removal	<u>CY</u>	<u>\$/CY</u>	<u>\$</u>	
Bridge Removal and Demolition	Lump Sum		250,000	Contractor Estimate

Total 6,207,566