

December 2, 2013

Mr. Billy M. Ray, Site Manager
Billiton
8950 N. Oracle Road, Suite 150
Tucson, AZ 85704

SUBJECT: RIO ALGOM MINING LLC 2013 SURETY UPDATE FOR ITS AMBROSIA LAKE FACILITY

Dear Mr. Ray:

On June 28, 2013, Rio Algom Mining LLC (Rio Algom or the licensee) submitted its proposed 2013 annual surety update for the Ambrosia Lake Facility, License SUA-1473 (See Agencywide Documents Access and Management System (ADAMS) Accession Number ML13232A098). Under condition 22 of the Source Material License SUA-1473, the licensee is required to submit annual updates to the surety amount by June 30, 2013. The reclamation surety bond estimate provided by Rio Algom is estimated to be \$15,853,181, which is \$1,567,080 more than the 2012 surety estimate of \$14,286,101.

The U.S. Nuclear Regulatory Commission (NRC) staff evaluated the contents of the cost estimate according to 10 CFR Part 40, Appendix A, Criteria 9 and 10 and Appendix C to NUREG-1620, Rev. 1, "Outline Recommended by the NRC staff for Preparing Site-Specific Facility Reclamation and Stabilization Cost Estimates for Review." Based on this review, NRC staff requested on August 27, 2013, that the licensee provide additional information (RAIs) (See ADAMS Accession Number ML13232A098). The licensee responded to the RAIs in a letter dated October 28, 2013 (See ADAMS Accession Number ML13323A445). The NRC staff found the RAI responses to be sufficient.

The NRC staff has completed its review of the surety update estimate for the Rio Algom Ambrosia Lake uranium mills tailing site and finds that the licensee has included in the update all activities listed in the reclamation plan or in Appendix C of NUREG-1620, Rev. 1, and plans to conduct all activities during the period covered by the update. The NRC staff finds the licensee has based the assumptions for the financial surety analysis on site conditions, including experiences with generally accepted industry practices, and research and development at the site.

The NRC staff finds the values used in the financial surety update are based on current dollars and reasonable costs for the required reclamation activities are defined. Therefore, the NRC staff finds that the licensee has established an acceptable financial assurance cost estimate based on the requirements in 10 CFR Part 40, Appendix A, Criterion 9 and 10.

The instrument to be used by the licensee for the financial assurance update is an irrevocable Letter of Credit (LOC). A signed original of the LOC is currently held by NRC who is the named beneficiary on the financial instrument. The LOC amount is \$16,000,000. This figure remains unchanged from the prior-year's surety amount as the facility's revised cost estimate did not

exceed the prior-year's approved LOC amount. The NRC staff finds that the LOC reasonably includes sufficient funds available to carry out all decommissioning and decontamination activities for the mill and site and any tailings or waste disposal areas.

Additionally, a Standby Trust Agreement (STA) is in place, pursuant to criteria in 10 CFR Part 40, Appendix A, Criterion 9 which states "[I]f a trust is not used, then a standby trust fund must be set up to receive funds in the event the Commission or State regulatory agency exercises its right to collect the surety." However, the STA's Schedule A needs to be updated to reflect the current LOC amount. **The NRC staff requests that the licensee submit a revised Schedule A within 45 days of receipt of this letter.** The NRC staff finds that the STA is acceptable per the regulatory requirements pending the receipt of the revised Schedule A.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," 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 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 Tom McLaughlin at 301-415-5869, or via email, to Thomas.McLaughlin@nrc.gov.

Sincerely,

/RA/

Michael A. Norato, Chief
Materials Decommissioning Branch
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.: 40-8905
License No.: SUA-1473

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In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," 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 ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

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Sincerely,

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