

July 8, 2014

MEMORANDUM TO: Dominick Orlando, Senior Project Manager
Special Projects Branch
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

FROM: Mirna Flores, Financial Management Specialist */RA/*
Special Projects Branch
Decommissioning and Uranium Recovery
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SUBJECT: UMETCO MINERALS CORPORATION'S PROPOSED 2014 SURETY
FOR THE GAS HILLS URANIUM TAILINGS SITE, FREMONT AND
NATRONA COUNTIES, WYOMING

On June 2, 2014, Umetco Minerals Corporation (UMETCO) submitted its annual surety estimate for its Gas Hills uranium tailings site, Fremont and Natrona Counties, Wyoming, as required by License Condition 55 of UMETCO's radioactive materials license (SUA-648). I have completed my review of the surety estimate and find that it is acceptable.

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

Enclosures:

1. Technical Evaluation Report
2. Email Regarding 2014 Consumer Price Index

CONTACT: Mirna Flores, FSME/DWMEP
(301) 415-6109

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**TECHNICAL EVALUATION REPORT FOR UMETCO MINERALS CORPORATION'S
PROPOSED 2014 SURETY FOR THE GAS HILLS URANIUM TAILINGS SITE, FREMONT
AND NATRONA COUNTIES, WYOMING**

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

DATE: June 18, 2014

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

TECHNICAL REVIEWERS: Dominick Orlando, Mirna Flores, Reginald Augustus

PROJECT MANAGER: Dominick Orlando

SUMMARY AND CONCLUSIONS

By letter dated June 2, 2014 (Agencywide Documents ACcess and Management System (ADAMS) Accession Number ML14156A008), Umetco Minerals Corporation (UMETCO) submitted the annual surety estimate for 2014 for its Gas Hills uranium tailings site in Fremont and Natrona Counties, Wyoming. The U.S. Nuclear Regulatory Commission (NRC) staff confirmed via telephone with UMETCO, ML14176A949, the Consumer Price Index (CPI) submitted by UMETCO in the letter dated June 2, 2014, ML14156A008, to be reflective of the CPI for 2014. The NRC staff reviewed the estimate and has determined that the surety amount meets the NRC's regulatory requirements, and therefore, staff finds the annual surety estimate submittal acceptable.

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. During field inspections of the tailings and pile in 2009, UMETCO identified incisions and rills on the pile cover. UMETCO determined that the incisions and rills were due to a deficiency in the design of the erosion protection system for the cover. In December 2010, UMETCO proposed a solution to the deficiency and the NRC approved UMETCO's proposed Erosion Protection Enhancement in August 2011. The Erosion Protection Enhancement work was completed 2011 and approved by the 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 was also guided by the guidance in NUREG-1620, Rev 1, Appendix C. The staff finds that the licensee

has met the requirement to submit its annual surety estimate three months prior to the annual due 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 CPI to an amount of \$1,161,638. The staff finds that the licensee relied on the latest available CPI figure, which at the time of the submittal was the April 2014 United States Dollars (USD) figure, to escalate its costs.

Groundwater Monitoring

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 2014 USD, is estimated to be \$47,122. The staff finds that the groundwater monitoring costs are based on costs of a third party contractor and are escalated to April 2014 USD.

Groundwater Evaluation

UMETCO requested and was authorized to use Alternative Concentration Limits for groundwater in March 2002. Excess wells have been reclaimed. Groundwater evaluation, as required by license condition, based on the costs of a third party contractor and escalated to April 2014 USD, is estimated to be \$105,948. The staff finds that the groundwater evaluation costs are based on costs of a third party contractor and are escalated to April 2014 USD.

Miscellaneous Costs

The licensee estimates the aggregate costs of site property taxes, legal expenses related to the land transfer and the salary of the radiation safety officer to be \$133,117. The staff finds that these miscellaneous costs are based on costs of a third party contractor and are escalated to April 2014 USD.

Long-Term Surveillance Fee

The Long-Term Surveillance (LTS) Fee was escalated to April 2014 USD to an amount of \$875,451. In 2010, the U.S. Department of Energy submitted a draft Long-Term Surveillance Plan (LTSP) to the NRC for the UMETCO Gas Hills site. 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 be adjusted.

Proposed License Condition Change

Revise License Condition 55 to change the required surety amount to read: \$1,161,638.