

**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: January 5, 2015

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 2014 annual surety estimate 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, that the Consumer Price Index (CPI) submitted by UMETCO in the letter dated June 2, 2014, ML14156A008, was reflective of the CPI for 2014.

On November 18, 2014, UMETCO submitted additional information to include a fully executed Standby Trust Agreement and Surety Bond in the amount of \$1,161,638.00.

The NRC staff reviewed the estimate and the Standby Trust Agreement and Surety Bond and determined that they meet the NRC's regulatory requirements in Title 10 of the Code of Federal Regulations (10 CFR), Part 40, Appendix A, Criteria 9 and, therefore, staff finds the annual surety estimate submittal and the Standby Trust Agreement and Surety Bond 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 10 CFR Part 40, Appendix A, Criteria 9. The review was also conducted in accordance with 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 approved.

Proposed License Condition Change

Revise License Condition 55 to state: Umetco Gas Hills' currently approved surety instruments, a surety bond held by the Liberty Mutual Insurance Company and a standby trust agreement that is accessible to the NRC, shall be continuously maintained in an amount no less than \$1,161,638 (NRC portion) for the purpose of complying with

10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by both the State and the NRC.