

October 27, 2014

Mr. Thomas E. Gieck  
UMETCO Minerals Corporation  
P.O. Box 1029  
Grand Junction CO 81502

SUBJECT: UMETCO MINERALS CORPORATION 2014 SURETY UPDATE FOR THE GAS  
HILLS URANIUM TAILINGS SITE LICENSE NUMBER SUA-648  
(DOCKET NUMBER: 040-00299)

Dear Mr. Gieck:

On June 2, 2014, Umetco Minerals Corporation (UMETCO) submitted its annual surety estimate for its Gas Hills uranium tailings site to the U.S. Nuclear Regulatory Commission (NRC), as required by License Condition 55 of UMETCO's radioactive materials license number SUA-648 (Agencywide Document Access and Management System (ADAMS) Accession Number ML14156A008). The NRC staff has completed its review of your submission and has determined that additional information is needed. Specifically, as discussed below, Umetco will need to demonstrate that the surety bond for the Gas Hills site is accessible by the NRC in the event it becomes necessary for NRC to direct funds from the surety bond to complete the decommissioning of Umetco's Gas Hills site.

The NRC regulations at 10 CFR Part 40, Appendix A, Criterion 9 requires that licensees establish a standby trust if a surety bond or other financial instrument is used to satisfy the decommissioning financial assurance requirements of NRC's regulations. In 2012, NRC revised its regulations to ensure that the NRC is able to direct decommissioning surety funds should this become necessary to complete the decommissioning of the licensee's site. The Miscellaneous Receipts Act prohibits NRC from directly receiving funds (proceeds from the surety instrument). Therefore, a trust account is used by which NRC can direct funds from the trust for decommissioning purposes without directly receiving the funds. Currently, the bond held by Umetco for the decommissioning of the Gas Hills site is not payable to a standby trust that is accessible to NRC. Therefore, Umetco can either: 1) Establish a separate standby trust and surety bond for the decommissioning and decontamination of the mill and mill site, reclamation of the tailings and waste disposal areas, ground water restoration, as warranted, and the transfer of the long-term care fee to the U.S. General Treasury or, 2) amend the existing standby trust and/or surety bond to establish the NRC's ability to collect the surety.

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>.

T. Gieck

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If you have any questions concerning this letter or the staff's evaluation, please contact me at 301-415-6749 or by email at [Dominick.Orlando@nrc.gov](mailto:Dominick.Orlando@nrc.gov).

Sincerely,

**/RA/**

Dominick A. Orlando, Senior Project Manager  
Materials Decommissioning Branch  
Division of Decommissioning, Uranium Recovery,  
and Waste Programs  
Office of Nuclear Material Safety  
and Safeguards

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

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