

March 17, 2016

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611

Re: Cimarron Environmental Response Trust
Proposed 2016 Budget - Final

Dear Recipient:

Environmental Properties Management LLC (EPM) is pleased to provide this budget for calendar year 2016 to the beneficiaries of the Cimarron Environmental Response Trust (the Trust). As for previous years, work performed for the Trust has been broken down into six tasks. The following is a summary of the breakdown of those costs by trust account:

- Task 1 – Administration will be funded exclusively by the Cimarron Trust Administrative Account (“Administrative Account”)
- Task 2 – License Compliance will be funded exclusively by the Cimarron Trust Federal Environmental Cost Account (“Federal Account”)
- Task 3 – Federal Agency Fees will be funded exclusively by the Federal Account
- Task 4 – Site Decommissioning will be funded by both the Federal and State Accounts. We will maintain the same allocation (93.2% of the costs will be funded by the Federal Account and 6.8% of the costs will be funded by the State Account) as in the past.
- Task 5 – State Agency Fees will be funded exclusively by the State Account
- Task 6 – Unanticipated Work will be funded by either the Federal Account, the State Account, or both, as agreed upon by the beneficiaries

The attached table provides a breakdown of the estimated cost for each task. Costs for labor, travel, and incidentals highlighted in pink are for EPM personnel. Costs shown in green are non-EPM costs for materials or for services contracted by the Trustee.

Should it become necessary to perform work outside the defined scope of work provided in this budget submittal (unanticipated work), EPM will submit a scope and cost estimate for the work, and propose the allocation of cost from the Trust Accounts. EPM will then proceed with the work upon approval of the allocation of costs.

Based on comments from NRC and DEQ on the proposed budget dated November 13, 2015, the Trustee decided against retaining Environmental Standards, Inc. to provide quality assurance support. EPM will continue to retain Enercon Services, Inc. personnel to provide this support. This revision of the original budget proposal reflects a \$153,600 reduction from Task 2, License Compliance, which resulted from that decision. This reduction is partially offset by an increase

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of \$31,700 in Task 2, and an increase of \$74,000 for Task 4, Decommissioning, to reflect the use of additional Enercon personnel to perform the QA services associated with each of these tasks.

After submitting a “final” proposed budget on March 2, 2016, NRC requested that Task 3, Federal Agency Fees, be increased to \$650,000 to provide funding for review of the decommissioning plan. After additional consultation with DEQ regarding Task 5, State Agency Fees, the DEQ estimate for their 2016 oversight costs was increased to \$50,000.

After making all these adjustments, the total net increase from the proposed 2016 budget submitted in November 2015, to this proposed 2016 budget is \$324,600.

Section 3.2.1 of the Trust Agreement requires the Trustee to project administrative expenditures for a three-year period. EPM expects administrative expenditures to remain essentially the same as projected for 2016 through 2018.

Attached to this letter please find the following:

- An executive summary
- A scope of work for 2016
- A spreadsheet itemizing estimated budgetary estimates by task and expense item category

Your approval of the attached budget is requested. Please feel free to call me at (816) 822-3545, or Jeff Lux at (405) 642-5152 if you have questions regarding this proposed budget.

Sincerely,



Bill Halliburton, Trust Administrator

Attachments

cc: Robert Yalen, U.S. Department of Justice
Drew Persinko, U.S. Nuclear Regulatory Commission
Craig Kaufman, U.S. Environmental Protection Agency
Pam Dizikes, Oklahoma Department of Environmental Quality
Clayton Eubanks, Office of the Attorney General of Oklahoma
Ken Kalman, U.S. Nuclear Regulatory Commission
Paul Davis, Oklahoma Department of Environmental Quality

CIMARRON ENVIRONMENTAL RESPONSE TRUST
2016 BUDGET EXECUTIVE SUMMARY

The Cimarron Environmental Response Trust (CERT) is administered by Environmental Properties Management LLC (EPM) as Trustee. EPM submits the attached information for consideration for the period beginning January 1, 2016 through December 31, 2016. The attached estimates categorize expenses into the following “tasks”:

1. Administrative Costs
2. License Compliance
3. Federal Agency Fees
4. Site Decommissioning
5. State Agency Fees
6. Unanticipated Work

Costs for Task 1 will be paid out of the Cimarron Administrative Cost Account. Costs for Tasks 2 and 3 will be paid out of the Cimarron Federal Environmental Response Cost Account. As in the past, Costs for Task 4 will be allocated 93.2% to the Federal Account and 6.8% to the State Account. Costs for Task 5 will be paid out of the Cimarron State Environmental Response Cost Account. Costs for Task 6 will be paid out of one or more of the three accounts as agreed upon by the agencies upon assignment.

The following is a summary scope of work that is anticipated for 2016:

- A. Administration
 - Pay taxes and utility bills, maintain the site
 - Submit financial reports to Trust Beneficiaries
 - Maintain the office and site property
 - Conduct monthly status teleconferences
 - Maintain files, document repository, and the public information website
- B. License Compliance
 - Maintain the radiation protection and quality assurance programs
 - Conduct ALARA Committee meetings
 - Conduct annual environmental monitoring
 - Participate in NRC inspections, if conducted in 2016
- C. Site Decommissioning
 - Respond to agency requests for additional information related to the decommissioning plan
 - Conduct and report on quarterly groundwater sampling
 - Finalize the decommissioning plan
 - Prepare requests for proposal for the construction and startup of groundwater remediation systems
- D. Respond to beneficiary requests for work not currently defined

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CIMARRON ENVIRONMENTAL RESPONSE TRUST
2016 SCOPE OF WORK

Task 1 – Administration

Administration involves the financial maintenance of Trust accounts, the physical maintenance of the site and site office, and legal expenses associated with the administration of the Trust. All costs for administration will be paid out of the Cimarron Trust Administrative Account (“Administrative Account”). Activities covered under Task 1, Administration, include, but are not limited to:

1. Monitor and report (on a quarterly basis) the financial status of each of the Trust accounts.
2. Pay taxes, utilities, etc.
3. Maintain the office and property and procure the supplies and facilities needed to maintain the office and property. Due to problems associated with access to drilling locations, monitor wells, and portions of the site, the cost of maintenance was increased to cover the cost of periodic mowing of much of the Site to maintain access to all wells.
4. Execute contracts and work orders for site maintenance and oversight activities.
5. Upgrade the electrical and networking infrastructure of the office facility. This work was deferred from 2015 to 2016.
6. Maintain electronic and hard copy files and the document repository for the Trust.
7. Maintain the public information website.
8. Conduct and distribute notes on monthly project status teleconferences.

Task 2 – License Compliance

License Compliance includes the implementation of activities required by license SNM-928. All costs for license compliance will be paid out of the Cimarron Trust Federal Environmental Cost Account (“Federal Account”). Individual activities covered under Task 2, License Compliance, include, but are not limited to, the following:

1. Implement the ALARA program, and conduct and document quarterly ALARA Committee meetings.
2. Maintain the radiation protection program, and review and revise the Radiation Protection Plan (RPP) and associated procedures as per license requirements and design-related requests for additional information (RAIs) by regulatory agencies.
3. Maintain the quality assurance program, and review and revise the Quality Assurance Program Plan (QAPP) and associated procedures as appropriate.
4. Revise the Sampling and Analysis Plan (SAP) and associated procedures as appropriate.
5. Attend NRC on-site inspections and respond to requests for information.
6. Plan and conduct annual environmental sampling, collecting samples from the locations specified in Section 15 of the RPP, analyzing samples for gross alpha and gross beta activity, dissolved uranium concentration, isotopic uranium activity, nitrate/nitrite, and fluoride. Data will be reviewed, incorporated into the data repository, and submitted to NRC and DEQ.
7. Participate in periodic communication with NRC regarding license issues as needed.

Task 3 – Federal Agency Fees

NRC costs for the oversight and inspection (if any) of the Cimarron decommissioning project will be paid out of the Federal Account. NRC estimated 2016 oversight costs to be \$650,000.

Task 4 – Site Decommissioning

Site Decommissioning includes activities that relate to the decommissioning of the site. Costs for site decommissioning will be paid out of both the Federal Account and State Accounts. A decommissioning plan has been submitted to NRC and DEQ as a license amendment request. The scope, extent, and complexity of agency Requests for Additional Information (RAIs) is unknown. RAIs may involve both revision of the Decommissioning Plan descriptions of work to be performed as well as revision of the 60% design. Activities covered under Task 4, Site Decommissioning, include, but are not limited to:

- Project management and coordination for and between the companies involved in Decommissioning Plan preparation.
- Responding to RAIs requiring revision of the Decommissioning Plan text, revision of design drawings, and re-submittal. For each RAI requiring such substantial revision, teleconferences and/or meetings will be conducted between EPM and its contractors to discuss the issues and prepare a formal response. This will include interfacing between companies so that each company can evaluate the impact of design revision performed by one company on another company's plans.
- Responding to RAIs requiring only explanation or clarification without revision of the Decommissioning Plan. For each RAI requiring such minor response, it is assumed that e-mail and teleconferences will be conducted, but the formal submittal will consist of a letter-response.
- Two meetings involving NRC, DEQ, EPM, Burns & McDonnell, Kurion, Enercon, and Environmental Standards. Meetings may be conducted at the site, in Oklahoma City, or in Rockville, MD.
- Two meetings involving EPM, Burns & McDonnell, Kurion, Enercon, and Environmental Standards – the companies preparing the design.
- Minor revision of groundwater flow and particle tracking models.
- Prepare permit applications related to treated water discharge, construction in a floodplain, underground injection, wetlands mitigation, etc., as appropriate.
- Coordination with utility companies.
- Definition of requirements for full design based on responses to RAIs.
- Geotechnical investigation of the Uranium Pond #1 Area, on which the Western Treatment Facility will be constructed.

To establish baseline seasonal groundwater elevation and concentration data prior to installation of groundwater remediation components, EPM provides in this proposed budget funding for:

- Quarterly collection of samples from 40 – 50 locations for analysis for uranium, nitrate, and fluoride concentration. Groundwater samples will be collected from existing monitoring wells located in each of the remediation areas.
- Evaluation of both historical and 2016 quarterly data to evaluate the relationship between groundwater elevation and concentration as well as the seasonal fluctuation evident from the 2016 data.
- Evaluation of the impact of this evaluation on groundwater remediation operations, if any.
- Preparation of a formal report of this evaluation for submittal to NRC and DEQ.

The costs for individual components of the Site Decommissioning task will not be allocated separately between the State and Federal Accounts. The cost for the above Task 4 work will be allocated at 93.2% to the Federal Account, and 6.8% to the State Account.

Clemson University is expected to complete research on the re-mobilization of uranium after in-situ biological immobilization reduced uranium concentrations to less than the EPA drinking water standard. \$25,000 was included in the budget to cover the work that was not performed in 2015 due to the later-than-anticipated startup. Because this research involves the evaluation of groundwater remediation *after* achieving the DCGL, the funding for completing this research will be charged to the State Account.

Task 5 – State Agency Fees

DEQ costs for the oversight and inspection (if any) of the Cimarron decommissioning project will be paid out of the State Account. DEQ estimated 2016 oversight costs to be \$50,000.

Task 6 – Unanticipated Work

Should it become necessary for the Trustee perform work outside the defined scope of work provided in this budget submittal (unanticipated work), EPM will submit a scope and cost estimate for the work, and propose the allocation of cost from the Trust Accounts. EPM will then proceed with the work upon approval of the scope of work and the allocation of costs.

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**CIMARRON ENVIRONMENTAL RESPONSE TRUST
2016 PROPOSED BUDGET**

Task No.	Task Description					REIMBURSABLE EXPENSES				
		Category	Hourly Rate	Hours	Cost	Item	Quantity	Unit	Cost per Unit	Total Cost
1	Administration	Associate (15)	\$221.00	320	\$70,720.00					
		Associate (22)	\$188.00	568	\$106,784.00	BMcD Support	1	Lump	\$25,000.00	\$25,000.00
		Travel & Incidentals			\$4,166.00	Office Expense	12	Mo	\$2,000.00	\$24,000.00
						Utilities	12	Mo	\$700.00	\$8,400.00
						Taxes	1	Lump	\$8,000.00	\$8,000.00
						Site Maintenance	1	Lump	\$30,000.00	\$30,000.00
						Legal Expenses	1	Lump	\$8,000.00	\$8,000.00
						Electrical & Technology	1	Lump	\$25,000.00	\$25,000.00
Task Subtotals				888	\$181,670.00					\$128,400.00
Task Total										\$310,070.00
2	License Compliance	Associate (15)	\$221.00	66	\$14,586.00	BMcD Support	1	Lump	\$42,200.00	\$42,200.00
		Associate (22)	\$188.00	312	\$58,656.00	Enercon Support	1	Lump	\$168,100.00	\$168,100.00
		Travel & Incidentals			\$1,430.00	Monitor Well Access	1	Lump	\$5,000.00	\$5,000.00
						Instrument Calibration/Parts	1	Lump	\$1,500.00	\$1,500.00
						Lab Analysis	40	each	\$260.00	\$10,400.00
										\$5,000.00
Task Subtotals				378	\$74,672.00					\$232,200.00
Task Total										\$306,872.00
3	Federal Agency Fees					NRC Fees	1	Lump	\$650,000.00	\$650,000.00
Task Subtotals				0	\$0.00					\$650,000.00
Task Total										\$650,000.00
4	Site Decommissioning - \$1,340,854 - Federal Account \$122,831 - State Account	Associate (15)	\$221.00	182	\$40,222.00	BMcD Support	1	Lump	\$640,200.00	\$640,200.00
		Associate (22)	\$188.00	968	\$181,984.00	Enercon Support	1	Lump	\$248,700.00	\$248,700.00
		Travel & Incidentals			\$9,979.00	Kurion Support	1	Lump	\$332,500.00	\$332,500.00
						Lab Analysis	240	each	\$90.00	\$21,600.00
						Surveyor	1	Lump	\$5,000.00	\$5,000.00
						Monitor Well Access	3	Lump	\$5,000.00	\$15,000.00
						Sampling Expense	1	Lump	\$15,000.00	\$15,000.00
										\$25,000.00
Task Subtotals				1150	\$232,185.00					\$1,303,000
Task Total										\$1,535,185
5	State Agency Fees					DEQ Fees	1	Lump	\$50,000.00	\$50,000.00
Task Subtotals				0	\$0.00					\$50,000.00
Task Total										\$50,000.00
6	Unanticipated Work	Associate (15)	\$221.00	8	\$1,768.00	Subcontractor	1	Lump	\$50,000.00	\$50,000.00
		Associate (22)	\$188.00	40	\$7,520.00	Other Expenses	1	Lump	\$20,000.00	\$20,000.00
		Travel & Incidentals			\$4,915.00					
Task Subtotals				48	\$14,203.00					\$70,000.00
Task Total										\$84,203.00
Total					\$488,527.00	\$2,936,330				