



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

October 4, 2016

Jesse R. Toepfer, Closure Manager
Grants Reclamation Project
Homestake Mining Company of California
P.O. Box 98/Highway 605
Grants, NM 87020

SUBJECT: 2016 ANNUAL SURETY UPDATE FOR THE HOMESTAKE MINING
COMPANY OF CALIFORNIA GRANTS RECLAMATION PROJECT,
AMENDMENT NUMBER 48 TO SOURCE MATERIALS LICENSE
SUA-1471, DOCKET NUMBER 40-8903 (CAC# L53058)

Dear Mr. Toepfer:

Enclosed, please find the U.S. Nuclear Regulatory Commission (NRC) Safety Evaluation Report for the Homestake Mining Company of California (HMC) 2016 surety update for the HMC Grants Reclamation Project (Grants) site in Grants, NM. Also enclosed is Amendment 48, to Source Materials License SUA-1471, revising the amount of the surety to reflect the current cost estimate for decommissioning and reclamation of the Grants site.

By letter dated March 30, 2016, (Agencywide Documents Access and Management System (ADAMS) Accession No. ML16113A182), HMC submitted its annual financial surety update for the Grants site, as required by Title 10 of the *Code of Federal Regulations* (10 CFR) Part 40, Appendix A, Criteria 9 and 10, and License Condition (LC) 28 of HMC's source materials license. The HMC proposed 2016 surety for Grants is \$62,490,490 and is comprised of total project reclamation project costs of \$53,575,410, a contingency fee of \$8,036,311 estimated at 15 percent of the aforementioned total project costs, and an estimated minimum long-term surveillance fee of \$878,769.

The U.S. Nuclear Regulatory Commission (NRC) has completed its review of the proposed 2016 surety for Grants using the guidance provided in NUREG-1620, Rev. 1, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailings Sites Under Title II of the Uranium Mill Tailings Radiation Control Act of 1978." The NRC has evaluated the detailed individual elements of the decommissioning and reclamation costs for Grants and considers the HMC estimates to be comprehensive, reasonably derived, and appropriate. All estimated decommissioning and reclamation costs for contractor and consultant services include the costs for labor and equipment, overhead, and profit. The NRC staff finds that the surety portion for minimum long-term surveillance is appropriate.

The NRC notes that the decrease in the decommissioning cost estimate from the last approved annual surety update is due to reclamation work completed by Homestake at the HMC site. The 2016 decommissioning cost estimate is based on completion of decommissioning activities in 2022, as described in the HMC updated revised Corrective Action Plan (CAP) and the Decommissioning and Reclamation Plan update (DRP). HMC submitted the updated revised CAP for NRC review and approval in March 2012 and the DRP update in April 2013. Although the NRC has not yet approved the updated revised CAP or the DRP update, HMC's decommissioning cost estimate ensures that HMC will have a surety that is at least sufficient at all times to cover the cost of decommissioning and reclamation of the HMC site, in accordance with 10 CFR Part 40, Appendix A, Criterion 9. Based on the foregoing review, the NRC concludes that the 2016 proposed surety (\$62,490,490) for Grants is acceptable.

In addition, the NRC finds that HMC has established an acceptable financial assurance mechanism based on the requirements in 10 CFR Part 30, Appendix A and that the current financial surety reasonably includes funds sufficient to cover the estimated current costs of the facility. Please note that the HMC surety update submission included a Parent Company Guarantee (PCG) and a draft Standby Trust Agreement (STA) as required in 10 CFR Part 30, Appendix A, when using a PCG. Upon approval, Homestake will provide NRC with a finalized version of the STA agreement.

Based on the NRC's review as noted above, Source Materials License SUA-1471 is amended by revising LC 28 to indicate that HMC's surety shall be continuously maintained in an amount no less than \$62,490,490 until a replacement is authorized by the NRC. The aforementioned modification to LC 28 is provided as Amendment No. 48 to Source Materials License SUA-1471 (enclosed). In addition, LC 40 has also been revised to update the NRC address for written notices and reports from HMC. All other conditions of the license shall remain the same. An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22 (c)(10).

If you have any questions regarding this letter or the enclosure, please contact Jack Parrott at (301) 415-6634 or by e-mail to jack.parrott@nrc.gov.

J. Toepfer

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In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," 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 document system ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Andrea L. Kock, Deputy Director
Division of Decommissioning, Uranium Recovery
and Waste Programs
Office of Nuclear Materials Safety
and Safeguards

Docket No. 40-8903
License No. SUA-1471

Enclosures: 1. Safety Evaluation Report
2. License Amendment No. 48

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Sincerely,

/RA/

Andrea L. Kock, Deputy Director
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and Waste Programs
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