



February 24, 2017

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 2017 Budget – Revision 2

Dear Recipient:

Environmental Properties Management LLC (EPM) is pleased to provide this budget for calendar year 2017 to the beneficiaries of the Cimarron Environmental Response Trust (the Trust). Work performed for the Trust has been broken down into six tasks. The following is a summary of the allocation of costs for each task by trust account:

- Task 1 – Administration will be funded exclusively by the Cimarron Trust Administrative Cost 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 Account and the Cimarron Trust State Environmental Cost Account (State Account). The same allocation used in the past will be applied through 2017 (i.e., 93.2% of the costs will be paid out of the Federal Account and 6.8% of the costs will be paid out of the State Account).
- 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

Requests for additional information (RAIs) related to Facility Decommissioning Plan, submitted December 31, 2015, were received on February 9, 2017. The proposed budget provides for the following primary milestones:

1. Submittal of responses to RAIs.
2. Submittal of *Facility Decommissioning Plan – Revision 1*.
3. Issuance of Amendment 22 to License SNM-928, approving *Facility Decommissioning Plan – Revision 1*.

The attached table provides a breakdown of the estimated cost for each task. Costs for labor, travel, and incidentals listed in pink-highlighted cells are for EPM labor and expenses. Costs shown in green-highlighted cells are for materials or services provided by outside vendors. Details on both the scope of work assigned to each task are provided in the attached Scope of Work.

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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.

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 2017 through 2019.

Attached to this letter please find the following:

- An executive summary
- A scope of work for 2017
- 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
2017 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, 2017 through December 31, 2017. 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 2017:

A. Administration

- Pay taxes and utility bills and maintain the site office and Trust property.
- Submit financial reports to Trust Beneficiaries.
- Conduct monthly status teleconferences.
- Maintain files, document repository, and the public information website.
- Receive archived documentation transferred from Tronox LLC.

B. License Compliance

- Maintain the radiation protection and quality assurance programs.
- Conduct ALARA Committee meetings.
- Conduct annual environmental monitoring.
- Participate in NRC inspections.

C. Site Decommissioning

- Respond to agency requests for additional information.
- Revise the 60% design of groundwater remediation infrastructure and water treatment facilities.
- Submit *Facility Decommissioning Plan – Revision 1*.
- Continue quarterly groundwater sampling.

D. Perform unanticipated work not currently defined in the Scope of Work.

CIMARRON ENVIRONMENTAL RESPONSE TRUST
2017 SCOPE OF WORK

Introduction

EPM and its design contractor recommended the construction several test trenches as the initial phase of groundwater remediation infrastructure. Injection and extraction tests will provide the data needed to either validate the design of the injection and extraction trenches, or to demonstrate the need to revise the design. The NRC suggested that construction and testing of pilot trenches be performed in 2017. Testing of pilot trenches will provide for verification or revision of the design prior to the submission of *Facility Decommissioning Plan – Rev 1*. This will significantly reduce the risk of construction delays if the trenches do not perform as anticipated in the development of their design. Construction and testing of several pilot test trenches is therefore planned for 2017.

The following scope of work for each task includes administrative, license compliance, and decommissioning activities including certain pilot testing evaluations.

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. Provide quarterly financial reports on 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.
4. Execute contracts and work orders for site maintenance and oversight activities.
5. Potentially upgrade the electrical and networking infrastructure of the office facility. Improved internet service was obtained in 2016, but renovation of the electrical and networking infrastructure in the office building was delayed until the use of the current office space (versus office space in the planned water treatment facility) is better defined.
6. Maintain electronic and hard copy files and the document repository for the Trust. Tronox has identified approximately 590 boxes of files indexed to the Cimarron Site that are available for transfer to the Trust. EPM has identified 75 boxes that may contain files/documents that should be transferred to and maintained by the Trust. Records which need to be retained will be digitized and uploaded to the document repository.
7. Maintain the public information website.
8. Conduct and distribute notes on monthly project status teleconferences.

Task 2 – License Compliance

The License Compliance task includes the implementation of activities required by license SNM-928, excluding decommissioning activities performed at the site. All costs for license compliance will be paid out of the Cimarron Trust Federal Environmental Cost Account

(“Federal Account”). Activities covered under Task 2, “License Compliance” include, but are not limited to, the following:

1. Implement the ALARA program.
2. Maintain the radiation protection (RP) program and revise the Radiation Protection Plan (RPP) and associated procedures as needed.
3. Maintain the quality assurance (QA) program, and revise the Quality Assurance Program Plan (QAPP) and associated procedures as needed.
4. Revise the Sampling and Analysis Plan (SAP) and associated procedures as appropriate.
5. Establish controlled and licensed areas in accordance with the revised decommissioning plan.
6. Attend NRC on-site inspections and respond to requests for information.
7. Plan and conduct annual environmental sampling in accordance with Section 15 of the RPP.
8. Participate in periodic communication with NRC regarding license issues as needed.

Task 3 – Federal Agency Fees

NRC costs for the oversight and inspection of the Cimarron decommissioning project will be paid out of the Federal Account.

Task 4 – Site Decommissioning

Site Decommissioning includes activities that accomplish the decommissioning of the site. Costs for site decommissioning will be paid out of both the Federal Account and State Accounts. The *Facility Decommissioning Plan* was submitted to NRC and DEQ as a license amendment request in December 2015.

As a result of meetings conducted with NRC and DEQ, it was determined that the decommissioning strategy will be revised, removing some of the previously planned groundwater remediation infrastructure and one of the water treatment systems. The reduction in infrastructure and treatment systems will allow for longer operation of the remediation and treatment systems which are being retained. Implementation of the revised strategy will result in the anticipated removal of a much greater total mass of both radiological and non-radiological contaminants for the similar costs. The resulting changes to the remediation plan will be reflected in *Facility Decommissioning Plan – Revision 1*.

Activities covered under Task 4, “Site Decommissioning”, include, but are not limited to:

1. Project management and coordination for and between the outside vendors involved in Decommissioning Plan preparation.
2. Completion of all required permit applications and issuance of permits related to treated water discharge, construction in a floodplain, underground injection, wetlands mitigation, etc., as needed.
3. Continued quarterly collection and analysis of groundwater samples for evaluation of constituents of concern concentrations relative to groundwater elevation, seasonal variation, etc.

4. Collection and analysis of groundwater samples from numerous monitoring wells (during the 2nd quarter) for isotopic uranium to evaluate isotopic variability within and between remediation areas.
5. Pre-qualification of contractors/vendors associated with the construction of on-site remediation infrastructure and facilities.
6. Project management and project controls for all 2017 work.
7. Preparation of responses to agency RAIs.
8. Preparation of *Facility Decommissioning Plan – Revision 1*.
9. Three meetings involving NRC, DEQ, EPM, and decommissioning consultants and/or contractors. Meetings may be conducted at the site, in Oklahoma City, Oklahoma, or in Rockville, Maryland.
10. Pre-qualification of contractors/vendors associated with the fabrication of water treatment systems.
11. Establish a program for the processing, packaging, storage, transportation, and disposal of Low Level Radioactive Waste (LLRW).
12. Construction of injection and extraction trenches to conduct pilot testing of injection and extraction. Trenches will include portions of planned Trenches GWI-UP1-01 and GWI-UP2-01, and all of GWI-BA1-01 and GETG-BA1-01.
13. Injection testing of pilot injection trenches to determine if the trenches can deliver the planned injection rates to Sandstone A (Sandstone B in Burial Area #1) at the modeled hydraulic head.
14. Extraction testing of Extraction Trench GETR-BA1-01 to determine if the trench can produce the modeled extraction rate.

The scope of work provides for achievement of the following project milestones:

1. Submittal of responses to RAIs.
2. Submittal of *Facility Decommissioning Plan – Revision 1*.
3. Issuance of Amendment 22 to License SNM-928, approving *Facility Decommissioning Plan – Revision 1*.

The costs for Task 4 will be allocated at 93.2% to the Federal Account and 6.8% 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.

Task 6 – Unanticipated Work

Should it become necessary for the Trustee to perform work outside this Scope of Work (unanticipated work), EPM will submit a scope of work and cost estimate for the out-of-scope work, and will propose an allocation of the costs from the Trust Accounts. EPM will then proceed with the work upon approval of the scope of work and the allocation of costs by the NRC and/or the DEQ.

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**CIMARRON ENVIRONMENTAL RESPONSE TRUST
2017 PROPOSED BUDGET - REVISION 2**

Task No.	Task Description					REIMBURSABLE EXPENSES				
		Category	Hourly Rate	Hours	Cost	Item	Quantity	Unit	Cost per Unit	Total Cost
1	Administration	Associate (15)	\$230.00	375	\$86,250	Burns & McDonnell Support	1	Lump	\$32,500	\$32,500
		Associate (22)	\$196.00	760	\$148,960	Office Expense	15	Mo	\$1,000	\$15,000
		Travel & Incidentals			\$7,500	Utilities	15	Mo	\$700	\$10,500
						Taxes	1	Lump	\$8,000	\$8,000
						Site Maintenance	1	Lump	\$37,500	\$37,500
						Legal Expenses	1	Lump	\$25,000	\$25,000
						Electrical & Technology	1	Lump	\$25,000	\$25,000
						Archive Document Management	1	Lump	\$25,000	\$25,000
Task Subtotals				1135	\$242,710				\$178,500	
Task Total										\$421,210
2	License Compliance	Associate (15)	\$230.00	62	\$14,260	Burns & McDonnell Support	1	Lump	\$64,742	\$64,742
		Associate (22)	\$196.00	356	\$69,776	Enercon Support	1	Lump	\$166,212	\$166,212
		Travel & Incidentals			\$3,000	Monitor Well Access	1	Lump	\$2,000	\$2,000
						Lab Analysis	34	each	\$260	\$8,840
						Sampling Expense	34	Lump	\$40	\$1,360
Task Subtotals				418	\$87,036				\$243,154	
Task Total										\$330,190
3	Federal Agency Fees					NRC Fees	1	Lump	\$600,000	\$600,000
Task Subtotals				0	\$0				\$600,000	
Task Total										\$600,000
4	Site Decommissioning \$4,492,273 - Federal Account \$327,762 - State Account	Associate (15)	\$230.00	262	\$60,260.00	Burns & McDonnell Support	1	Lump	\$1,962,914	\$1,962,914
		Associate (22)	\$196.00	1128	\$221,088	Enercon Support	1	Lump	\$419,745	\$419,745
		Travel & Incidentals			\$12,000	Kurion Support	1	Lump	\$1,283,400	\$1,283,400
						Lab Analysis (3 Quarterly Events)	3	each	\$2,500	\$7,500
						Lab Analysis (1 Annual GW Assess)	260	each	\$120	\$31,200
						Surveyor	1	Lump	\$5,000	\$5,000
						Monitor Well Access	3	Lump	\$1,600	\$4,800
						Sampling Expense	395	Lump	\$40	\$15,800
				Pilot Testing	1	Lump	\$796,328	\$796,328		
Task Subtotals				1390	\$293,348				\$4,526,687	
Task Total										\$4,820,035
5	State Agency Fees					DEQ Fees	1	Lump	\$50,000	\$50,000
Task Subtotals				0	\$0				\$50,000	
Task Total										\$50,000
6	Out of Scope Work	Associate (15)	\$230.00	8	\$1,840	Subcontractor	1	Lump	\$50,000	\$50,000
		Associate (22)	\$196.00	40	\$7,840	Other Expenses	1	Lump	\$20,000	\$20,000
		Travel & Incidentals			\$4,915					
Task Subtotals				48	\$14,595				\$70,000	
Task Total										\$84,595
Total Estimated Budget					\$637,689					\$6,306,030