

Umetco Minerals Corporation



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May 22, 2018

Mr. Dominick Orlando, Senior Project Manager
Materials Decommissioning Branch
Division of Decommissioning, Uranium Recovery and Waste Management Programs
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Mail Stop T8F5
11545 Rockville Pike
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Subject: **Umetco Minerals Corporation, Gas Hills, Wyoming, Site
2018 Financial Assurance Update**

Reference: **Radioactive Materials License SUA-648; Docket No. 40-0299**

Dear Mr. Orlando:

License Condition 55 requires Umetco Minerals Corporation (“Umetco” or “License”) to submit an annual financial surety update to the Nuclear Regulatory Commission (NRC) at least three months prior to the anniversary date, which is designated as September 13 of each year.

NRC’s review of Umetco’s 2015 Financial Surety update ultimately resulted in the establishment of a new baseline estimate that was approved by License Amendment 72 (NRC letter dated February 8, 2016). The current Financial Surety amount of \$1,459,701.06 proposed in Umetco’s 2017 Financial Assurance update was approved by License Amendment 75 (NRC letter dated October 16, 2017). The 2017 Financial Assurance update inflated the 2015 baseline amounts as there were no changes at the site which impacted the cost estimate.

Activities at the site since the last Financial Surety update include installation of the four new monitor wells authorized by License Amendment 74 (NRC letter dated January 19, 2017). Even though the Financial Surety cost estimate has included the cost for installation of the wells since the 2015 update, actual approval was substantially delayed until Umetco received approval for installation of the wells on Federal Lands from the Bureau of Land Management. Monitoring of these wells has been initiated in 2018, however, the Groundwater Evaluation task as stated in the Financial Surety estimate remains to be completed.

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Umetco is proposing that the 2018 Financial Surety estimate be updated by deletion of the line item amount for "Installation of New Wells" as shown in the 2015, 2016, and 2017 Financial Surety updates. All other line items remain unchanged except for an appropriate inflationary adjustment.

The inflationary adjustment is made using the Consumer Price Index (CPI-U) as published by the U.S. Department of Labor, Bureau of Labor Statistics. The attached table provides the inflation calculation using the applicable base-line cost data and corresponding CPI-U index. The baseline estimate for the following items were current as of June 2015 (CPI-U = 238.638):

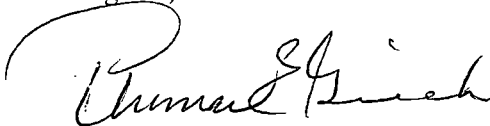
- Groundwater Monitoring
- Groundwater Evaluation
- Radiation Safety Officer
- Annual Property Tax

The cost of "Land Transfer Legal Expense" was current as of September 2004 (CPI-U = 189.9) and the minimum Long Term Surveillance Fee (LTSF) is based on \$250,000 in 1978 dollars (CPI-U = 67.7) as established in 10 CFR 40, Appendix A, Criterion 10. The attached table, Umetco Gas Hills – 2018 Financial Surety Estimate proves the cost estimate line items and inflation calculation using the applicable base-line cost data and corresponding CPI-U index.

The resulting Financial Surety cost estimate proposed by Umetco reduces the required Financial Surety amount of \$1,459,701.06 by \$87,175.97 to \$1,372,525.09. As stated above the reduced amount is the result of the monitor well installation and removal of this line item from the cost estimate.

If you have any questions or comments please contact me at 970-243-3260 or by e-mail at gieckte@dow.com.

Regards,



Thomas E. Gieck
Remediation Leader

TEG/jfc

Attachment: Surety Table

Umetco Gas Hills - 2018 Financial Surety Estimate

| Cost Item | Amount Approved by 2015 Update | Baseline Date | Baseline CPI | Latest CPI April 2018 | Inflated Amount |
|-----------------------------|--------------------------------|----------------|--------------|-----------------------|-----------------|
| Groundwater Monitoring | \$48,260.08 | June 2015 | 238.638 | 250.546 | \$50,668.25 |
| Groundwater Evaluation | \$80,220.80 | June 2015 | 238.638 | 250.546 | \$84,223.81 |
| Radiation Safety Officer | \$36,852.00 | June 2015 | 238.638 | 250.546 | \$38,690.91 |
| Land Transfer Legal Expense | \$69,000.00 | September 2004 | 189.9 | 250.546 | \$91,035.67 |
| Long Term Surveillance Fee | \$250,000.00 | December 1978 | 67.7 | 250.546 | \$925,206.79 |
| Annual Property Tax | \$3,500.00 | June 2015 | 238.638 | 250.546 | \$3,674.65 |

Subtotal = \$1,193,500.08

15% Contingency = \$179,025.01

Total Financial suety Amount = \$1,372,525.09

- 1) Based on estimate provided in Umetco Letter dated 12/21/15.
- 2) Most current CPI-U available (April 2018) utilized for estimate.