

RIO ALGOM MINING CORPORATION

6305 WATERFORD BOULEVARD, SUITE 325
OKLAHOMA CITY, OKLAHOMA 73118

40-8768

RETURN ORIGINAL TO PDR, HQ.

April 6, 1989

Mr. Ed Hawkins, Chief
Licensing Branch I
Uranium Recovery Field Office
Nuclear Regulatory Commission
P. O. Box 25325
Denver, CO 80225-0325

Re: NRC License SUA-1387
Docket 40-8768

APR 1989
RECEIVED



Dear Mr. Hawkins:

In accordance with Condition 23 of License SUA-1387, Rio Algom Mining Corp. is hereby submitting for NRC review the annual update of the estimated cost for decommissioning the licensed activities. The attached costs estimates were submitted to Wyoming DEQ as part of the Annual reports for DEQ Licenses 5RD and 13RD.

The new proposed bond amounts are \$5,100 and \$194,700 for Project 5RD and 13RD respectively, which compares to \$109,000 and \$157,000 values specified in Condition 23. The Q Sand Pilot (5RD) groundwater restoration and stability data have been approved by both NRC and DEQ, reducing the required bond from \$109,000 to \$5,100.

License Condition 23 also requires that copies of surety related correspondence with the Wyoming DEQ be submitted to NRC. Accordingly, attached are copies of Rio Algom's application to replace the existing Kerr-McGee bonds with Rio Algom Mining Corp. bonds in the amounts currently required by License Condition 23. It is Rio Algom's intent to revise these bond amounts to the new amounts discussed after DEQ and NRC approval. To date there has been no response from DEQ on Rio Algom's revised bond calculation. When new bond amounts are approved by DEQ, copies of the correspondence will be forwarded to NRC.

Rio Algom Mining Corp. is a wholly owned subsidiary of Rio Algom Inc. and financial data on Rio Algom Mining Corp. is considered confidential and is not released to the public. Rio Algom Mining Corp. hereby requests the Nuclear Regulatory Commission to maintain the confidentiality of the Financial Summaries attached to the applications in accordance with the applicable statutes and regulations.

Please call me at (405) 270-2972 if there are any questions on the attached.

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PDR ADCK 04008768
C PDC

Sincerely,

Marvin D. Freeman

MDF:km
Enclosures

cc: L. May
B. Ferdinand

DESIGNATED ORIGINAL
Certified By Mary C. Ford

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89-0577

TABLE 5
RECLAMATION BOND ESTIMATE
DEQ LQD LICENSE 5RD

	<u>\$ (000)</u>
I. <u>Reclamation - Surface & Well Plugging</u>	
a. Header building removal (60 hours @ \$11/hr.)	\$ 0.7
b. Remove transformers and cables (20 hrs. @ \$11/hr.)	0.2
c. Plug and cap wells and cut-off below surface - 10 wells x \$200/well	2.0
d. Reclaim Surface	
1) Rip hard-pack - grader - 1 hr. @ \$80/hr.	0.1
2) Replace topsoil - 100 c.y. X \$1/c.y.	0.1
3) Disc and seed for stubble - 1 acre @ \$65/acre	0.1
4) Final seeding & fertilizer - 1 acre @ \$150/acre	0.2
5) Mobilization	<u>0.5</u>
Sub-Total	\$ 3.9
II. <u>Bond Provision for Reseeding</u>	\$ 0.5
III. <u>DEQ Contingency (15%)</u>	<u>\$ 0.7</u>
GRAND TOTAL	<u>\$ 5.1</u>

TABLE C-1

RECLAMATION BOND ESTIMATE - 1989
 O-SAND SOLUTION MINING PILOT

\$ (000)

I. RECOVERY PLANT FACILITIES

A. Contaminated Piping Disposal

1. Removal (3 man crew - 5 days @ \$11/hr.)	1.3
2. Load & Haul (1 Truck Load @ \$1.5M/load)	1.5
3. Disposal Fee (1 load @ \$1M/load)	1.0

B. Tankage Decontamination and Removal

1. Decontamination (10 man hr/tank x 15 tanks x \$11/hr)	1.7
2. Removal (3 man crew - 5 days @ \$11/hr)	1.3
3. Small Cherry Picker (20 hrs. @ \$40/hr.)	0.8
4. Survey for Tank Release (15 tanks @ \$50/tank)	0.8
5. Load & Haul for resale value	-

C. Pumps, Filters, Meters, Etc.

1. Remove and decontaminate - 12 pumps (3 men - 2 days @ \$11/hr.)	0.5
2. Remove miscellaneous pumps, filters (3 men - 2 days @ \$11/hr.)	0.5
3. Load, haul and disposal (partial truckload)	2.0

D. Decontaminate Process Area

1. Wash down 3600 sq. ft. area @ \$0.50/ft ²	1.8
2. Pump wash down to lined pond for evaporation	-

Sub-Total \$ 13.2

II. GROUNDWATER RESTORATION

A. All equipment including EDR on site -

ANNUAL MINING AND RECLAMATION REPORT
SEQUOYAH FUELS "0" SAND PROJECT
SECTION 26, T36N, R74W
CONVERSE COUNTY, WYOMING
MARCH 21, 1989

1. Company Name Rio Algom Mining Corp.
Address P. O. Box 570 Douglas, Wyoming 82633
Mining Permit No. 13RD, Mineral Mined Uranium
Date of Permit Issuance 5-14-84, Date of Report Filing 3-31-89
2. Time period covered by this report:
March 1988 to March 1989
3. Number of acres affected by activities during the report period: 0
4. Total number of acres affected to date by mining and related activities under permit and all amendments: (6.0)*
5. Number of acres graded and contoured during the report period: 0
6. Number of acres topsoiled during the report period: 0
7. Number of acres seeded during the report period: 0
8. Number of acres graded, topsoiled and seeded to date: (5.8)*
9. (a.) Type of seed used for seeding during the report period:
None

*Prior to startup of the "0" sand project, affected acreage for the pipeline and wellfield was included as part of Permit 304C. The acreage continues to be carried in Permit 304C.

Annual Mining and Reclamation Report
March 21, 1989

10. Depth of redistributed topsoil in seeded areas: None
11. Water impoundments constructed during report period: None
12. Results of previous vegetation efforts: Fair to good cover
13. Description of:
- (a.) Pit stability problems: Not Applicable
- (b.) Surface or groundwater conditions:
- Fluid production and injection during calendar year 1988 totaled 70.7 million gallons and 67.7 million gallons, respectively. Overrecovery totaled 3.0 million gallons, averaging approximately 5.7 GPM.
- (c.) Slope angles on graded and contoured areas: Not Applicable
- (d.) Areas of slumping or sliding: None
- (e.) Newly constructed drainage patterns: None
- (f.) Newly constructed drainage or diversion ditches: None
- (g.) Road construction, culvert and bridge construction: None
14. Activities for the coming year:
- Continue the existing insitu leaching program.
15. Details of next year's mining and reclamation plans:
- Continue the existing leaching program. Final reclamation of the O-Sand wellfield will be deferred and completed as per the conditions of the commercial license.
16. Summary of reclamation costs for the report period: None

State of Wyoming
Department of Environmental Quality
Land Quality Division
Herschler Building - Third Floor
Cheyenne, WY 82002

INITIAL APPLICATION FOR SELF BONDING

Attach additional page(s) as needed and reference form item number to which addition(s) apply. Information which the operator determines is a trade secret shall be held confidential by the Department.

1. Identification of Operator:

(a) For Corporations ONLY: Name: Rio Algom Mining Corp.
Address: P. O. Box 25861, Oklahoma City, OK 73125
Telephone No.: (405) 270-2972
State of Incorporation: Delaware
Principal Place of Business: Oklahoma City, OK

Name, Title and Authority of person signing this application: _____

Robert P. Luke - President

Certification of Authority to do business in Wyoming: _____

Copy Attached

If corporation is a wholly owned subsidiary or if more than 10% of stock is owned by one enterprise detail ownership: Rio Algom Inc. - Subsidiary

(b) For ALL OTHER forms of business enterprises:

Name: _____
Address: _____
Telephone: _____
Statement of Enterprise Organization: _____
Law of State under which Enterprise Formed: _____
Principal Place of Business: _____

Relationship and authority of person signing this application: _____

2. (a) Amount of Bond required in accordance with W.S. 35-11-417(c)(i)(1977) for new permit/license applicants, or W.S. 35-11-417(c)(ii)(1977) for existing, ongoing operations One Hundred Nine Thousand, One Hundred (\$109,100.00)

** (b) Amount which is proposed to be under a self-bond: \$109,100.00

3. (a) Type of Operation for which this application pertains: Uranium Mining R&D

(b) Anticipated Operation Commencement Date: August 1980 (License 5RD)
and Operation Completion Date: 1990

4. A brief description and chronological history of those operations of the applicant conducted within the last five (5) years that would demonstrate a continuous operation:

See Attached Statement

5. Information in sufficient detail to show good faith performance of past mining and reclamation obligations. For coal operators, the statement of compliance information in the mining permit may be referenced.

See Attached Statement

6. Audited financial statements, in detail, to include:

- (a) Operator's Comparative Balance Sheet for the past five (5) years
- (b) Operator's Comparative Income Statement for the past five (5) years
- (c) A report for the most recently completed fiscal year containing the accountant's audit opinion of the balance sheet and income statement with no adverse opinion.
- (d) If the fiscal year has not yet ended, unaudited financial statements may be submitted to support the comparative documents.

See Attached Summary and Audit Reports

7. (a) For coal mining operations only, identify one of the following criteria for which sufficient financial information will be detailed:

- (i) The operator has a rating for all bond issuance actions over the past five years of "A" or higher as issued by either Moody's Investor Service or Standard and Poor's Corporation (the rating service should be identified together with any further breakdown of specific ratings);
- (ii) The operator has a tangible net worth of at least \$10 million, and a ratio of total liabilities to net worth of 2.5 times or less, and a ratio of current assets to current liabilities of 1.2 times or greater. The two ratio requirements must be met for the past year, and documented for the four years preceding the past year. Explanations should be included for any year where the ratios fall below the stated limits.
- (iii) The operator's fixed assets in the United States total at least \$20 million, and the operator has a ratio of total liabilities to net worth of 2.5 times or less, and a ratio of current assets to current liabilities of 1.2 times or greater. The two ratio requirements must be met for the past year and documented for the four years preceding the past year. Explanations should be included for any year where the ratios fall below the stated limits.

NOTE: If (ii) or (iii) are chosen, the two ratios shall be calculated with the proposed self-bond amount added to the total liabilities for the current year. Costs currently accrued for reclamation may be deducted from the balance sheet.

(b) For non-coal mining operations, provide the following financial information in sufficient detail:

- (i) Any rating for bond issuance actions over the past five years (the rating service should be identified);
- (ii) The value of the operator's fixed assets in the United States and the operator's tangible net worth.
- (iii) The ratio of total liabilities to net worth and the ratio of current assets to current liabilities, both computed over the past five years. A separate computation for the current year should be made which includes the proposed self bond amount added to the current or total liabilities for the current year. The operator may deduct the costs currently accrued for reclamation which appear on the balance sheet.
- (iv) Any other related item(s) that indicates a history of financial solvency.

8. A statement listing any notices issued by the Securities and Exchange Commission or proceedings initiated by any party alleging a failure to comply with any public disclosure or reporting requirement under the securities laws of the United States. Such statement shall include a summary of each such allegation, including the date, the requirement alleged to be violated, the party making the allegation, and the disposition or current status thereof.

No such notices or proceedings have been initiated.

9. Offer of Collateral Bond if an adverse decision is made on the application or if the applicant (guarantor) exceeds the limitation at Chapter XII.2.(a)(xiii), or cannot meet financial requirements at Chapter XII.2.(a)(vii), if applicable, or (viii).
10. List the dollar value of this proposed self bond plus all of your other outstanding and proposed self bonds for any mining and reclamation operation in the U.S.
\$ 1,168,400.00
11. Tangible net worth in the United States \$ 27,547,000.00 (Fully depreciated and/or amortized)
12. Registered office for service on the applicant notices, processes, or demands:
Name: Rio Algom Mining Corp.
Attn: MARVIN D. FREEMAN
Address: P. O. Box 25861, Oklahoma City, OK 73125
Telephone Number: (405) 270-2972

State of Wyoming



OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF AUTHORITY OF

. . . RIO ALGOM MINING CORP. . .

I, KATHY KARPAN, Secretary of State of the State of Wyoming, hereby certify that the prerequisites for the issuance of this certificate have been fulfilled in compliance with law, and are found to conform to law.

ACCORDINGLY, the undersigned, by virtue of the authority vested in me by law, hereby issues this Certificate.

IN TESTIMONY WHEREOF, I have hereunto set my hand
and affixed the Great Seal of the State of Wyoming. Done
at Cheyenne, the Capital, this SIXTH day of
DECEMBER A.D. 19 88



Kathy Karpan
Secretary of State

By *Sally Duggis*

ATTACHMENT SELF BOND APPLICATIONS
LQD PERMITS 304C, 5RD, AND 13RD

Self Bond Application - Item 4

Rio Algom Mining Corp. was incorporated in Delaware in 1968 and leases and owns uranium mining properties in Wyoming, New Mexico and Utah. From 1972 to September 30, 1988 the Corporation operated the Lisbon mine located approximately 35 miles from Moab, Utah. The mine was closed in 1988 due to the exhaustion of economic ore reserves. Production from the Lisbon mine in 1987 was 707,000 pounds of U3O8 in concentrates and 1988 production was 464,000 pounds U₃O₈ in concentrates. Effective December 31, 1988 the Corporation completed the acquisition of uranium properties owned by Kerr-McGee in Wyoming and all of the issued and outstanding shares of Quivira Mining Company, a wholly-owned subsidiary of Kerr-McGee; Quivira owns a large uranium mining and milling complex near Grants, New Mexico.

Self Bond Application - Item 5

Rio Algom Mining Corp. (Rio Algom) has operated a Lisbon uranium mine and milling complex near Moab, Utah since 1972 in accordance with applicable regulations. Rio Algom acquired Kerr-McGee Corporation's Wyoming uranium properties as of January 1, 1989, and has continued with reclamation activities at the 28-33 open pit mine in Converse County. Rio Algom plans to continue this effort and complete recontouring and seeding the 28-33 mine in 1989.

Application for Self Bonding
 Financial and Self Bonding Indicators
 Wyoming LQD Permits 304C, 5RD, & 13RD

<u>ASSETS</u>	Year End Status ⁽¹⁾		Thousand of U.S. Dollars		
	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1983</u>
Current Assets	\$39,148	\$39,011	\$30,637	\$26,624	\$29,714
Fixed Assets	27,547	27,538	27,569	27,687	27,504
Accumulated Depreciation and Amortization	(27,547)	(27,538)	(27,569)	(27,243)	(26,707)
Deferred Income Tax	483	-	-	-	-
TOTAL ASSETS	\$39,631	\$39,011	\$30,637	\$27,068	\$30,511
<u>LIABILITIES</u>					
Current Liabilities	10,258	9,566	3,662	2,018	7,799
Accrued Reclamation Costs ⁽²⁾	7,123	7,247	7,392	7,504	6,449
Proposed Self-Bond ⁽³⁾	1,168	-	-	-	-
TOTAL LIABILITIES	\$18,549	\$16,813	\$11,054	\$9,522	\$14,248
NET WORTH	\$21,082	\$22,198	\$19,583	\$17,546	\$16,263
<u>FINANCIAL INDICATORS</u>					
<u>Total Liabilities</u> Net Worth	0.47	0.43	0.64	0.65	0.53
<u>Current Assets</u> Current Liabilities	3.82	4.08	8.34	13.19	3.81

(1) This table will be updated and submitted to DEQ as soon as data for year-end 1988 is available. Rio Algom Mining Corp., a wholly owned subsidiary of Rio Algom Inc., does prepare quarterly or intermediate financial statements.

(2) Accrued Reclamation Costs for Utah operations.

(3) Total for LQD Permits 304C, 5RD and 13RD.

NOTE: SEE APPLICATION FOR SELF BONDING FOR LQD PERMIT 304C
 FOR COPIES OF AUDITED FINANCIAL STATEMENT