



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION IV  
URANIUM RECOVERY FIELD OFFICE  
BOX 25325  
DENVER, COLORADO 80225

FEB 06 1990

URFO: PWM  
Docket No. 40-4492  
SUA-667, Amendment No. 39  
04004492640E

MEMORANDUM FOR: Docket File No. 40-4492  
FROM: Paul W. Michaud, Project Manager  
SUBJECT: AMENDMENT NO. 39 TO SOURCE MATERIAL LICENSE SUA-667

Background

By letter dated April 13, 1989, American Nuclear Corporation (ANC) requested an amendment to Source Material License SUA-667. ANC requested 1) a reduction in their surety amount as well as periodic reductions based on the completion of phased work, 2) an adjustment in the NRC annual surety review date to coincide with the State of Wyoming's date, 3) a change in the location of Corrals No. 2 low volume air particulate monitor, and 4) to move the site operations records to ANC's Casper, WY office.

Surety Evaluation

License Condition No. 16 of Source Material License SUA-667 currently requires ANC to maintain a surety instrument in the amount of \$4,081,396. In their April 13, 1989 letter, ANC requested this amount be reduced to \$3,785,841 based on the State of Wyoming's bond evaluation of November 8, 1988. Subsequently, in their April 1989 Annual Report to the State of Wyoming, ANC revised the total reclamation cost estimate to \$3,678,225 based on an eight-phase approach to decommissioning/reclamation and actual figures from contractor bids. The State of Wyoming reviewed and accepted this amount in their annual inspection report dated June 22, 1989. During this annual inspection, the State verified that the first phase of decommissioning, mill demolition, had been completed. Based on the completion of Phase 1 activities, the State reduced the bond amount to \$3,524,340 in their letter to ANC dated August 14, 1989. The State requested NRC concurrence for a further reduction in the surety amount in a letter dated December 14, 1989, which was based on ANC's completion of Phase 2 activities as described in their December 7, 1989 letter to the State.

After assembling and evaluating this information, a revised surety amount was determined which accounted for:

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FEB 06 1990

- ° The completion of Phase 1 and Phase 2 activities.
- ° Completion of certain Phase 3 activities during Phase 2 as described in ANC's letter to the State of Wyoming dated August 15, 1989.
- ° Non-escalation of the Phase 3 cost estimate since actual contract cost is very near the estimated cost and work will commence in the near future.
- ° An escalation of 3 percent on the Phase 4 through 8 cost estimates to account for inflation from April 1989 to January 1990.
- ° An adjustment to the Criterion 10 long-term surveillance fee to January 1990 dollars.

This results in a cost estimate for the remaining reclamation work of:

<u>Phase</u>	<u>Description</u>	<u>Cost</u>
3	Tailings Pond No. 2 Construction	\$1,360,793
4	Tailings Pond No. 1 Construction	717,543
5	Tailings Pond No. 2 Topsoil and Revegetation	305,479
6	Tailings Pond No. 1 Topsoil and Revegetation	89,127
7	Borrow/Drainage Topsoil and Revegetation	119,995
8	General Site Work/Fencing	31,315
	Subtotal	<u>\$2,624,252</u>
	Criterion 10 Long-Term Surveillance Charge	<u>465,000</u>
	Total	\$3,089,252

The NRC required minimum surety amount is therefore set at \$3,089,252.

ANC also requested that wording be included in the license to allow periodic reductions in the surety amount upon completion of defined portions of the reclamation work. This will be addressed by the NRC in the next license revision, following our review of ANC's next annual report which is scheduled for submission in April 1990.

Additionally, ANC requested the annual review date be adjusted to coincide with the State of Wyoming's annual review date of April 25. The NRC annual review date is therefore changed to July 25 in order for ANC's submittal, which must occur three months in advance of that date, to coincide with their annual submittal to the State of Wyoming.

#### Relocation of Monitoring Station

ANC requested a change in the location of the Corrals No. 2 low volume air particulate monitor. This was prompted by the mill power substation dismantlement and the potential adverse effects on the old location by

FEB 06 1990

reclamation activities. The new location for the Corrals No. 2 station is approximately 2000 feet upwind of its old location.

Based on the proposed location described in ANC's April 13, 1989 letter, a site inspection conducted on May 15, 1989, and discussions with Messrs. Ferguson and Salisbury on May 18, 1989, the license will be amended to allow relocation of the Corrals No. 2 monitoring station.

#### Records Storage

With the demolition of the mill facility, no secure location exists on site for records storage. The change in location of the site operation records to ANC's Casper, WY office is acceptable and does not require a license amendment.

#### Conclusion

Based on a review of ANC's April 13, 1989 submittal, the staff recommends that License Condition Nos. 13 and 16 of Source Material License SUA-667 be modified as follows:

13. During the period of mill decommissioning, the effluent and environmental monitoring program shall be conducted as specified in the attachment entitled, "Environmental Monitoring Program for Federal-American Partners Uranium Mill During Shutdown Status", with the exception that sampling need not be conducted at the Puddle Springs Ranch or Loco Shop Station, and the licensee shall collect radon samples quarterly as detailed in the May 20, 1987 submittal. In addition, the licensee shall utilize lower limits of detection in accordance with Section 5 of Regulatory Guide 4.14 for all effluent and environmental monitoring.

The result of all effluent and environmental monitoring required by this license shall be reported in accordance with 10 CFR 40, Section 40.65, with copies of the report sent directly to the NRC, Uranium Recovery Field Office. Monitoring data shall be reported in the format shown in the attachment entitled, "Sample Format for Reporting Monitoring Data." The location of the Corrals No. 2 low volume air particulate monitor shall be as specified in ANC's letter to the NRC dated April 13, 1989.

Notwithstanding the water monitoring shown in the attachment entitled, "Environmental Monitoring Program for Federal-American Partners Uranium Mill During Shutdown Status", the licensee shall conduct the compliance monitoring program as specified in License Condition No. 29.

Additionally, the licensee shall by May 15, 1986, construct and implement the diversion berm and the enhanced evaporation system as described in their submittal dated March 19, 1986. The licensee may suspend operation of the seepage recovery system during the months of November through April. The licensee shall abandon wells TP1-1 to

FEB 06 1990

TP1-25, M-1 to M-4, Fox 1 to Fox 6, R-1, R-2, R-3, R-5, R-6, R-6A, TP1-D1, TP1-D2, #6, #13 and #16, according to State of Wyoming standards.

16. The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination of the mill and mill site, for reclamation of any tailings or waste disposal areas, ground water restoration as warranted and the long-term surveillance fee. Within three (3) months of NRC approval of a revised reclamation/decommissioning plan, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly approved plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within three (3) months of written NRC approval. Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC at least three (3) months prior to the anniversary of the effective date of the existing surety instrument. If the NRC has not approved a proposed revision to the surety coverage 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing surety arrangement for one year.

Along with each proposed revision or annual update, the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed and any other conditions affecting estimated costs for site closure. The licensee shall also provide the NRC with all surety related correspondence submitted to the State of Wyoming, a copy of the State's surety review and the final approved surety arrangement. The licensee shall also ensure that the surety, where authorized to be held by the State of Wyoming, expressly identifies the NRC portion of the surety and covers the decommissioning and decontamination of the mill and mill site, reclamation of the tailings and waste disposal areas, ground water restoration as warranted and the transfer of the long-term surveillance fee to the U.S. General Treasury. The basis for the cost estimate is the NRC approved reclamation/decommissioning plan or NRC approved revisions to the plan.

ANC's currently approved surety instrument, held by the State of Wyoming, shall be continuously maintained in an amount no less than \$3,089,252 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by both the State and the NRC. ANC shall provide the NRC with current copies of the surety instruments in place and all modifications thereto. The attachment to this license entitled, "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates", outlines the minimum considerations used by the NRC in the review of the site

FEB 06 1990

closure estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

For the purposes of the NRC's annual review, ANC's anniversary date is designated as July 25 of each year. The annual update should be received by the NRC 90 days prior to this anniversary date.

*Paul W. Michaud*  
Paul W. Michaud  
Project Manager

Approved by:

*Ramon E. Hall*  
for Ramon E. Hall  
Director

Case Closed: 04004492640E

FEB 06 1990

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