



UNITED STATES
NUCLEAR REGULATORY COMMISSION

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

APR 23 1990

URFO:PWM
Docket No. 40-8084
SUA-1119, Amendment No. 26
04008084230R

Rio Algom Mining Corp.
ATTN: Mr. R. S. Pattison
La Sal Route
Moab, Utah 84532

Dear Mr. Pattison:

The NRC has completed a review of your annual surety update submitted on January 10, 1990, in accordance with License Condition No. 27 of Source Material License SUA-1119. In this submittal you requested the required surety amount be adjusted to \$3,267,000 to account for the effects of inflation. The NRC agrees that this amount is acceptable until Rio Algom's revised reclamation plan, which is currently under review, is approved by the NRC.

Therefore, pursuant to Title 10 of the Code of Federal Regulations, Part 40, Source Material License SUA-1119 is hereby amended by revising License Condition No. 27 to read as follows:

27. 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 date designated in this condition. 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.

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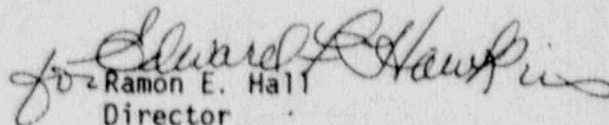
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Along with each proposed revision or annual update, the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency 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, a copy of the State's surety review and the final approved surety arrangement, if applicable. The basis for the cost estimate is the NRC approved reclamation/decommissioning plan or NRC approved revisions to the plan. 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 site closure estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

Rio Algom's currently approved surety instrument, Irrevocable Letter of Credit No. 18-89/9016 issued by the Canadian Imperial Bank of Commerce, New York Office, in favor of the NRC, shall be continuously maintained in an amount no less than \$3,267,000 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC. For the purposes of NRC's annual review, as referenced in paragraph one above, Rio Algom's anniversary date is designated as April 15 of each year.

All other conditions of this license shall remain the same. The issuance of this amendment was discussed and agreed to in a telephone conversation between Mr. Brent Cochrane of Rio Algom Limited and Mr. Paul Michaud of my staff on April 4, 1990.

Sincerely,


for Ramon E. Hall
Director

Case Closed: 04008084230R

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DISTRIBUTION

Docket File No. 40-8084

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CONCURRENCE:

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