



UNITED STATES

NUCLEAR REGULATORY COMMISSION

REGION IV

URANIUM RECOVERY FIELD OFFICE
BOX 25325
DENVER, COLORADO 80225

OCT 01 1993

Docket No. 40-8084
SUA-1119, Amendment No. 45

Rio Algom Mining Corp.
ATTN: Bill Ferdinand, Manager
Radiation Safety, Licensing
and Regulatory Affairs
6305 Waterford Blvd., Suite 325
Oklahoma City, Oklahoma 73118

Dear Mr. Ferdinand:

The NRC has completed a review of the annual surety update for the Lisbon Mill, as submitted in your letter dated June 25, 1993. Your proposal to increase the surety amount by \$110,000 to account for the effects of inflation through April 1993, is appropriate. Since no other changes are necessary at this time, the revised surety amount of \$3,730,000 is acceptable.

We also reviewed the documents submitted in support of your use of a Parent Company Guarantee as the surety instrument, and noted that previously identified discrepancies had been corrected. The financial data supports the continued use of the Parent Company Guarantee as a surety.

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, reclamation of any tailings or waste disposal areas, ground water restoration as warranted and the long-term surveillance fee. Within 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 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 3 months prior to the anniversary date which is designated as September 30 of each 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.

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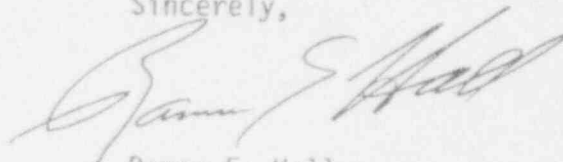
maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed and any other conditions affecting estimated costs for site closure. The basis for the cost estimate is the NRC approved reclamation/decommissioning plan or NRC approved revisions to the plan. The 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.

The licensee's currently approved surety, a Parent Company Guarantee issued by Rio Algom Limited, shall be continuously maintained in an amount no less than \$3,730,000 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC. The use of a Parent Company Guarantee necessitates a complete NRC evaluation of the corporate parent as part of the annual surety update. In addition to the cost information required above, the annual submittal must include updated documentation of the (1) Parent Company Guarantee, (2) Letter from the Chief Financial Officer of the Parent Company, (3) Auditor's Special Report Confirmation of Chief Financial Officer's Letter, and (4) Schedule Reconciling Amounts in Chief Financial Officer's Letter to Amounts in Financial Statements.

[Applicable Amendments: 18, 22, 26, 33, 38, 45]

All other conditions of this license shall remain the same. An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22(c)(10). The issuance of this amendment was discussed in a telephone conversation between yourself and Paul Michaud of this office on September 28, 1993.

Sincerely,



Ramon E. Hall
Director

Encl sure:
Source Material License SUA-1119

cc:
F. Fossey, RAMC
W. Sinclair, RCPD, UT

Case Closed: X61114

bcc:

Docket No. 40-8084

LFMB

~~PDR/DCS~~

URFO r/f

LJCallan, RIV

LLUR Branch, LLWM, 5E2

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PWMichaud

DCWard

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PWMichaud/lv	DCWard <i>dcw</i>	EFHawkins	REHall	
09/28/93	09/28/93	09/11/93	09/01/93	