



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

APR 17 1994

URFO:CDMC
Docket No. 40-6659
SUA-551, Amendment No. 43
04006659120R
X61291

MEMORANDUM FOR: Docket No. 40-6659
FROM: Cynthia D. Miller-Corbett, Project Manager
SUBJECT: PETROTOMICS COMPANY, SHIRLEY BASIN MILL: AMENDMENT TO
UPDATE SURETY AMOUNT

By letter dated February 28, 1994, Petrotomics Company submitted a request to amend Source Material License SUA-551. The effect of this amendment would be to approve the annual surety update. The licensee proposed to update the surety amount by adjustment for inflation from December 1992, to December 1993, based on the increase in the Consumer Price Index (CPI). The increase in the CPI for the noted period is 0.0275, requiring an increase in the previously authorized surety by 1.0275. The total dollar amount would change from \$5,177,347 to \$5,319,724. There have been no changes in the currently approved reclamation plan or ground-water corrective action plan which would require a change in the surety amount.

The proposed revision to SUA-551 submitted by letter dated February 28, 1994, is consistent with NRC guidance, and it is recommended that SUA-551 be amended by revising License Condition No. 23 to read as follows:

23. 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.

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 June 1 of each year. 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 1 year. Along with each proposed revision or annual update, the licensee shall

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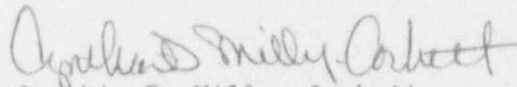
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submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed and any other conditions affecting estimated costs for site closure. The basis for the cost estimate is the NRC approved reclamation/decommissioning plan or NRC approved revisions to the plan. The attachment 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 cost estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

Petrotomics' currently approved surety instruments, Irrevocable Standby Letters of Credit Number S3001217 and S3002200, issued by First Interstate Bank of California, shall be continuously maintained in an amount no less than \$5,319,724 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC.

[Applicable Amendments: 3, 8, 10, 13, 24, 27, 32, 34, 39, 43]


Cynthia D. Miller-Corbett
Project Manager

Case Closed: 04006659120R
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*See previous concurrence

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