

APR 20 1994

40-3453

William J. Sinclair, Director
Division of Radiation Control
State of Utah
168 North 1950 West
Salt Lake City, Utah 84115-4850

Dear Mr. Sinclair:

Your letter of April 8, 1994, discussed your thoughts on the need for a Standby Trust arrangement for the Atlas Corporation's (Atlas) Moab, Utah uranium mill which is under U.S. Nuclear Regulatory Commission Source Material License No. SUA-917. NRC staff has had similar concerns regarding the disposition of a surety in the event of a bankruptcy by Atlas.

NRC staff is in the process of preparing an amendment to the Atlas license which incorporates a Standby Trust as a license condition. This action should resolve the uncertainty as to the availability of the surety money for reclamation in the event of a default.

Any questions on this should be addressed to Allan Mullins, the NRC Project Manager, at 301-504-2578.

Sincerely,

Joseph J. Holonich, Chief
High Level Waste and Uranium
Recovery Projects Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

cc: Richard Blubaugh Atlas
(w/incoming)

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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

APR 20 1994

William J. Sinclair, Director
Division of Radiation Control
State of Utah
168 North 1950 West
Salt Lake City, Utah 84115-0000

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Any questions on this should be addressed to Allan Mullins, the NRC Project Manager, at 301-504-2578.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph J. Holonich".

Joseph J. Holonich, Chief
High Level Waste and Uranium
Recovery Projects Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

cc: Richard Blubaugh, Atlas
(w/incoming)



State of Utah

DEPARTMENT OF ENVIRONMENTAL QUALITY DIVISION OF RADIATION CONTROL

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April 8, 1994

Mr. Joseph J. Holonich, Acting Branch Chief
Uranium Recovery Branch
Division of Low-Level Waste Management
and Decommissioning
Office of Nuclear Material Safety and
Safeguards
Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Dear Mr. Holonich:

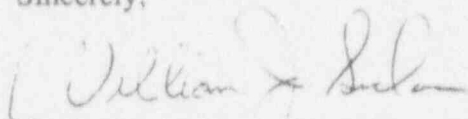
I have become concerned about recent statements by the Atlas Minerals Corporation regarding their possible intention to declare bankruptcy. As you are aware, Atlas currently has a letter of credit which is required as a surety for their reclamation plan. This surety, in the amount of approximately six million dollars faces possible default into the U.S. Treasury. Atlas has indicated in separately published articles in Engineering News Week and the Salt Lake Tribune (which was also picked up on the Associated Press wires) during the last two weeks that if their remediation costs go above a certain level, they will declare bankruptcy.

We discussed several months ago about the possibility of establishing a standby trust fund for the deposit of the surety in the event of bankruptcy or default. Although it was indicated that NRC did not have specific authority to require such an account, we believe it is absolutely necessary, given the above statements, that NRC explore and insist that such a standby trust be established. Surety monies are intended to fund the cleanup of a site, not default to the federal treasury. If legislative authority or rulemaking is needed, NRC should be pursuing this option as well.

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If you have any questions, please do not hesitate to contact me.

Sincerely,



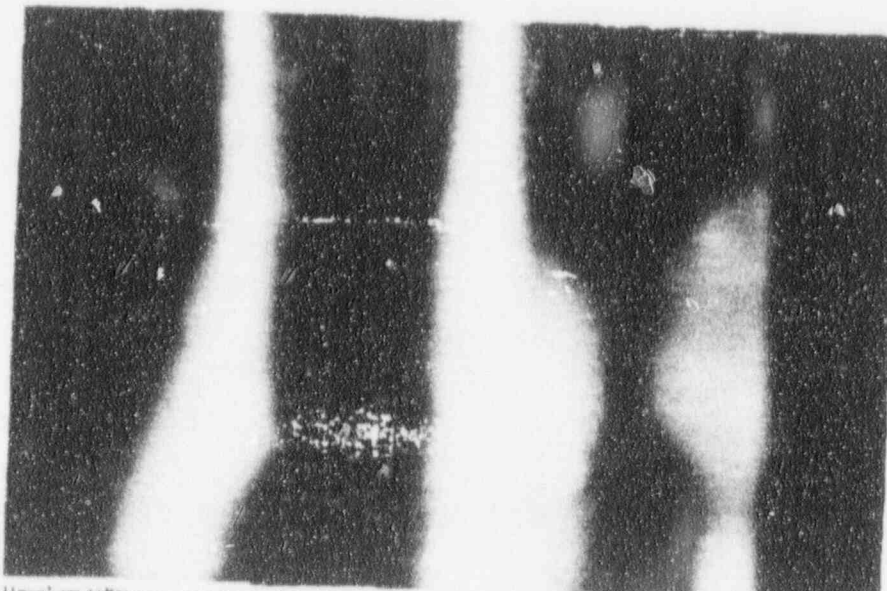
William J. Sinclair, Director
Division of Radiation Control

Enclosures

c: Ramon [redacted], NRC URFO
Bob [redacted], NRC Region IV
Charles Mackney, NRC Region IV

HAZARDOUS WASTE

Tailings may bankrupt Atlas



Uranium tailings on the bank of the Colorado R. be removed at a cost of \$100 million.

Atlas Corp. says it will declare bankruptcy and leave 11 million tons of uranium tailings on a bank of the Colorado River rather than spend more than \$100 million to remove the radioactive mining waste and bury it off of the site. The company is in a corner because last fall the Nuclear Regulatory Commission rescinded its approval for Atlas's estimated \$13-million plan to bury the waste where it sits, near Moab, Utah. NRC announced last month that it will conduct a new inquiry into the matter.

Moving the tailings "would mean the end of the company," says Richard Blumhagen, vice president of environmental and governmental affairs for the Denver-based mining firm. "Atlas will fall out of the picture, and Moab will inevitably become a Superfund site."

NRC switched positions after pressure from local officials, other federal agencies and downstream Colorado River users. Noel Poe, superintendent of Arches National Park and a spokesman for NRC opponents, says the tailings pile sits atop the Moab fault, risks erosion from the Colorado, blankets the park with radon emissions and is leaching radioactive material that will contaminate Canyonlands National Park and Lake Powell. Poe charges that the 1982 approval to bury tailings followed NRC's "shabby" environmental assessment.

The NRC inquiry into technical issues raised by the public will include seismic

analysis, hydrologic data and groundwater contamination information. NRC and the U.S. Environmental Protection Agency will define the scope of the study, which will also analyze estimated costs of alternative disposal plans.

One highest proposal is to rail the tailings to a site 20 miles north, install underground monitors and bury the tailings in a 1,000-foot-thick formation of low-permeability Mancos shale.

Dames & Moore Engineering, Salt Lake City, prepared a conceptual design in 1981 for low-cost on-site disposal. Atlas closed the Moab Mill in 1987.

Canonie Environmental Services, Englewood, Colo., updated the plan in 1988. Tailings are leaching into the Colorado, admits Oliver P. Wesley, Canonie vice president, but at a rate equivalent to "a teaspoon to the ocean."

The Moab plan calls for recontouring tailings to an approximately 3:1 slope, covering radioactive fines with coarse material, contouring the adjacent Moab Wash to prevent erosion and capping the pile with 9 to 12 in. of rock. A series of extraction wells would minimize radioactive transport. The design ensures that the tailings impoundment will withstand erosion and even a probable 1,000-year flood, says Wesley.

"This is the only viable reclamation scenario—the only rational solution," he says. Removing tailings would take 10 to 12 years. Instead of the three years Atlas planned for on-site disposal.

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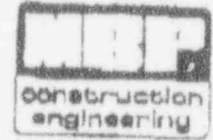
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New Study Seeks Resolution of Safety Concerns

Continued from C-1

"They don't have a doubt," said Hawkins, deputy director of NRC's uranium-recovery field office in Denver. "We know for years that Atlas is a relatively safe company and we've been reassured about their capability to clean the site."

Utah Division of Radiation Control Director William Sinclair is not quite sure what to make of the possibility. "It [bankruptcy] has always been kind of a threat," he said. On the other hand, Atlas could be posturing in hopes of retaining the present cleanup plan.

Sinclair disputed Atlas' projections that moving the tailings will be that much more expensive than capping them in place.

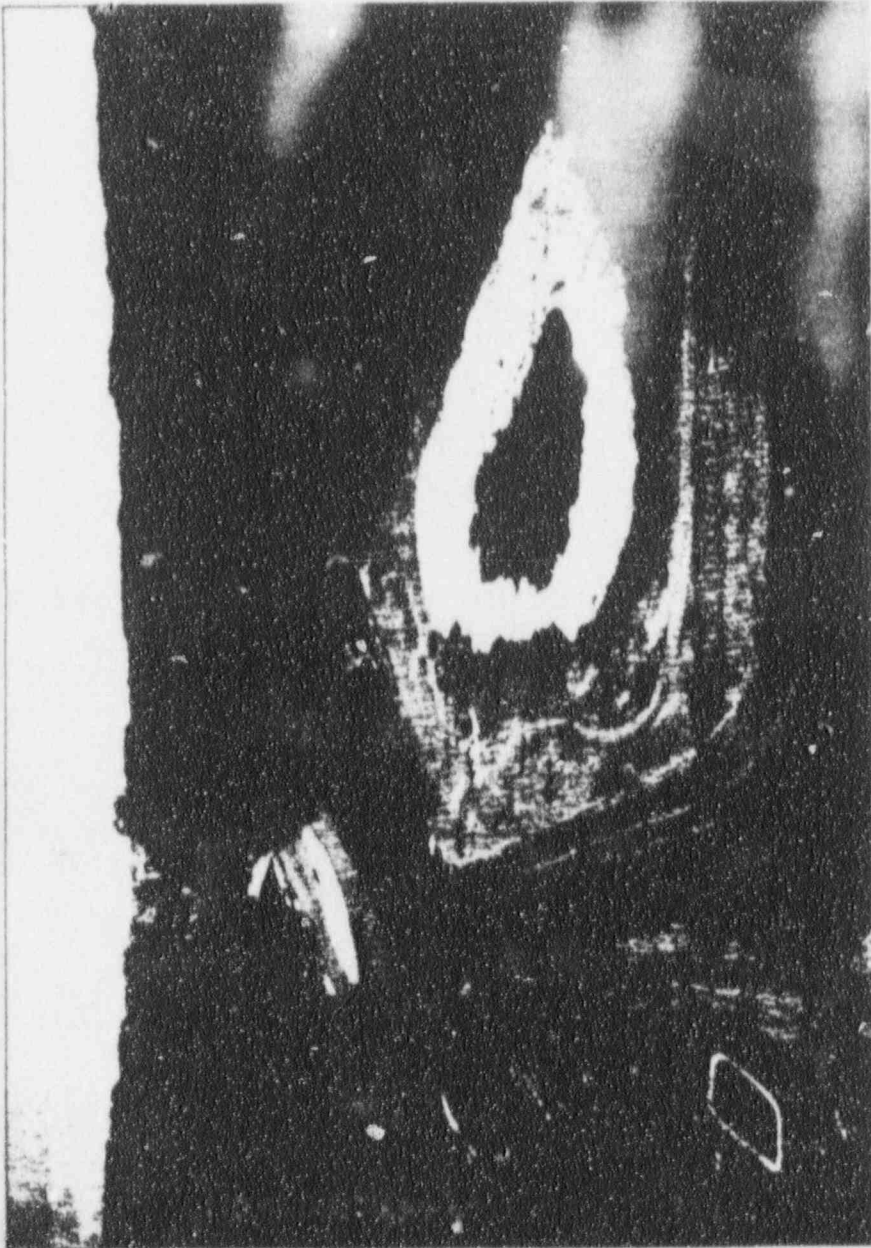
"Those numbers are bogus," he said, claiming \$100 million seems high and has not been verified. But \$13 million is too low because new information about seismic threats and erosion from the Colorado River and Moab Wash

(which crisscrosses the site) will require an expensive upgrade of the proposed cap, he said.

Hawkins, however, said he feels the numbers are credible. "I'm comfortable with their [Atlas'] relative costs. Moving the tailings to the preferred site [Klondike Flats] is at least four to five times as expensive."

A decision on capping or moving the tailings probably will not be made for two years, the time needed to prepare the new EIS.

The first scoping hearing to determine what range of issues should be addressed in the environmental study will be held April 14 in Moab.



Methods for making these uranium-mill tailings near Moab safe will be the subject of a new study.

Colorado Company Says It'll Go Broke Moving Tailings

By Mike Gottrell

THE SALT LAKE TRIBUNE

Atlas Corp. officials claim the small Colorado company could be driven into bankruptcy if forced to move 10½ million tons of uranium-mill tailings away from the Colorado River north of Moab.

If that happens, the mill could end up with the undesirable designation as one of the U.S. Environmental Protection Agency's Superfund sites eligible for federal cleanup assistance.

Officials of the Denver-based mining company, which acquired the mill in 1962 and operated it until 1984, have mentioned the possibility of bankruptcy several times since the U.S. Nuclear Regulatory Commission (NRC) ordered Atlas to prepare a new environmental analysis of cleanup plans.

The reason, Atlas contends that moving tailings away from the river — the disposal option favored

will leach into the Colorado River — will boost cleanup costs from \$13 million to almost \$100 million.

A 1979 environmental impact statement (EIS) concluded that capping the tailings on site — the \$13 million solution — would adequately protect the environment and public health and safety. The NRC reaffirmed that conclusion last year, but later reversed its position and ordered a new environmental study even after receiving strenuous objections from the state and National Park Service.

"We're prepared to deal with \$13 million. That's a manageable number, something that over a period of a few years we could deal with," said Richard Blubaugh, Atlas's vice president of environmental and governmental affairs. "But \$100 million. That's more than the company is worth."

Warnings of bankruptcy are not new to NRC officials.

Rick Eggen/The Salt Lake Tribune

Daily Spectrum

4/3/94

Fax to 231

Atlas: Company will go bankrupt if forced to move tailings

By The Associated Press

MOAB, Utah — Atlas Corp. officials claim the cleanup of more than 10 million tons of uranium mill tailings could drive the small Colorado company into bankruptcy.

Atlas had planned to cap the 10½ million tons of uranium mill tailings on site at its mill near the Colorado River north of Moab. But the U.S. Nuclear Regulatory Commission decided that a new environmental impact statement was needed before the plan could proceed.

Officials of the Denver-based mining company, which acquired the mill in 1962 and operated it until 1984, have mentioned the possibility of bankruptcy several times since the commission's order earlier this year.

Atlas contends that moving tailings away from the Colorado River will boost cleanup costs from \$13 million to almost \$100 million. The company is favored by state officials fearful that radioactive elements will leach into the river.

"We're prepared to deal with \$13 million. That's a manageable number, something that over a period of a few years we could deal with," said Richard Blubaugh, Atlas's vice president of environmental and governmental affairs. "But \$100 million. That's more than the company is worth."

Regulation officials have expressed concern about the possibility of bankruptcy but also believe Atlas could be posturing in hopes of retaining the proposal to cap the tailings.