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UNITED STATES
NUCLEAR REGULATORY COMMISSION

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

NOV 23 1982

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Docket No. 40-8681
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MEMORANDUM FOR: Docket File No. 40-8681
FROM: Daniel M. Gillen
Uranium Recovery Field Office
Region IV
SUBJECT: MINUTES OF MEETING WITH ENERGY FUELS NUCLEAR (EFN),
DOCKET NO. 40-8681

Place and Date:

Silver Spring, Maryland, September 13, 1982

Purpose:

To discuss EFN's tailings reclamation program, reclamation costs, and proposed surety arrangements.

Participants:

NRC

D. Smith
J. Linehan
D. Gillen
T. Johnson
K. Hamill
G. Gnugnoli
T. Fleming
R. Fonner

EFN

M. Vincelette
E. Baker
G. Glasier
H. Roberts
EFN Consultant: M. Taylor
(D'Appolonia)

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Certified By B. Fisher

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Background:

In pursuit of obtaining an acceptable surety for reclamation and decommissioning of the White Mesa Mill, EFN has been re-evaluating related factors, i.e., general reclamation plan, reclamation cover thickness, and reclamation and decommissioning cost breakdown. The existing reclamation and decommissioning plan reflects the costs associated with the worst case year throughout the life of the mill. In addition, certain aspects of the existing plan exceed NRC performance objectives for tailings management. Based on the difficulty that EFN has experienced in obtaining surety, they now wish to look at reclamation and decommissioning on a year to year basis in an effort to reduce the cost for which surety must be provided.

An amendment request for reduction of the tailings reclamation cover thickness was submitted by EFN by letter dated May 21, 1982. This request and the report by D'Appolonia accompanying it were reviewed by the staff and a request for additional information was sent to EFN by letter dated August 12, 1982. Just prior to the subject meeting, EFN responded to the staff's request with a new report sent by letter dated September 3, 1982.

A revised cost breakdown of a new reclamation and decommissioning plan (to cover only the period of October 1982 - October 1983) was submitted to the staff just prior to the meeting by letter dated September 7, 1982.

Details of EFN's surety history have previously been documented in the April 26, 1982 backup memorandum for Amendment No. 12, and in the minutes of the May 6, 1982 meeting with EFN. Since the May 6, 1982 meeting, EFN has been pursuing the self-bonding surety option based upon either the EPA financial qualifications criteria or a pledge of corporate assets.

EFN requested the subject meeting to discuss the recent submittals described above and to discuss their recent efforts to provide surety.

Discussion

The meeting began with an introduction of Dale Smith to the EFN staff and a subsequent presentation by Smith of the functions and responsibilities of the Denver Field Office scheduled to open October 1, 1982.

The first topic of discussion was EFN's request for reduction of the tailings reclamation cover presently under review by the staff.

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G. Gnugnoli of the NRC staff had reviewed the recent EFN response to a request for additional information, particularly with regard to the effectiveness of the cover in reducing radon. After a lengthy discussion of technical details regarding the proper use of the bulk diffusion coefficient and the effective bulk diffusion coefficient for computation of radon flux, no agreement could be reached between the staff and EFN's consultant. It was agreed that for use in determining a cost to be set for surety, EFN would recalculate cover thickness using the NRC accepted methodology. EFN and their consultant would be free to further pursue reduction of cover thickness as a separate licensing action.

Next, H. Roberts of EFN summarized the revised reclamation and decommissioning plan and the associated cost breakdown. Following discussion of the long-term stability aspects of the revised reclamation plan, the staff tentatively approved the proposal for 1 foot of sandstone rock cover on the gentle slopes of the cover top, but would require a greater thickness for erosion protection on the 6H:1V side slopes. EFN stated that this would be no problem due to the surplus of stockpiled sandstone excavated from the tailings cells. T. Fleming questioned EFN on various aspects of the cost breakdown. Based on the staff's review of the submitted costs, EFN would be required to submit a more detailed breakdown of unit costs involved in earthwork, blasting and revegetation, and to show that an overhead and contingency factor is included in their costs.

A discussion followed regarding EFN's pursuit of surety by means of self-bonding based upon a pledge of corporate assets or the EPA financial qualifications criteria. The discussion resulted in many questions that remain to be answered by EFN in order for the staff to adequately review a self-bonding surety proposal. These questions are detailed in the attached summary of conclusions and commitments, and will be pursued by EFN. EFN committed to submit additional information in response to these questions by October 1, 1982.

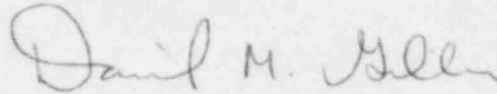
Finally, other EFN licensing actions under NRC review were discussed. EFN was informed that based on the review of EFN's recent proposal to eliminate the Cell 3 safety dike (EFN's future tailings plans have been revised to end the cell system with Cell 3), the staff agrees that this dike is an unnecessary redundant system. The existing Cell 3 dike has already been reviewed and found to be designed in accordance with the standards of Regulatory Guide 3.11. The staff indicated that we would issue an amendment approving this proposal by October 1, 1982. Regarding a separate licensing action, additional information and monitoring data

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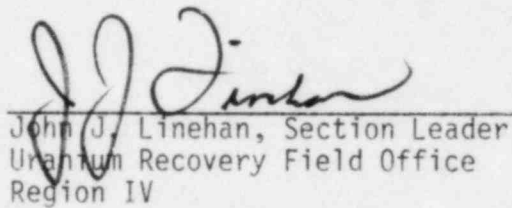
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was requested by the staff to enable completion of the review of the proposal to terminate environmental monitoring at EFN's shutdown Hanksville Ore Buying Station.



Daniel M. Gillen
Uranium Recovery Field Office
Region IV

Approved By:



John J. Linehan, Section Leader
Uranium Recovery Field Office
Region IV

Enclosure:
As Stated

CC: C. E. Baker, EFN

Meeting with Energy Fuels Nuclear

September 13, 1982

Silver Spring, MD.

Summary of Conclusions and Commitments

Based on discussions regarding tailings reclamation cover thickness, surved reclamation costs, and related proposals for surety arrangements, the following conclusions were established:

1. For this licensing action, Energy Fuels Nuclear would be required to recalculate cover thickness using the NRC accepted methodology ^{for cover erosion.} EFN and their consultant are invited to submit for review consideration, any arguments ⁱⁿ present ^{of} regarding the site's methodology.
2. The NRC staff tentatively approves of EFN's proposal for 1 foot of sandstone rock cover on the gentle slope (50:1) ^{to long term stability.} However, the staff would require greater erosion protection on the 6:1 side slope. EFN will submit a reclamation tailings drawing together with ^{proposed} upgraded protection on the 6:1 slope and an analysis of the upstream diversion channels.
3. With regard to the ^{reclamation} cost breakdown, EFN will submit a more detailed breakdown of unit costs involved in settlement, blasting, and revegetation. EFN is required to show that an overhead ^{and} ^{cost} ^{factor} is included in their unit costs.
4. With regard to their present ^{of} alternate surety arrangements EFN will investigate and provide information regarding to the questions on the attached sheet. This information shall be submitted to the NRC by Oct 1, 1982.

Other EFN licensing actions currently under NRC review were discussed. The following conclusions were reached:

1. The staff has reviewed EFN's proposal to revise the 2nd phase tailing retention system by eliminating the cell 3 safety dics. Based on this review, including telephone conversations with the staff's consultants, the staff concludes that there is no need for a back-up enhancement and will ^{by October 1, 1982} approve the proposed revision. The existing enhancement was designed to meet NRC criteria and will be sufficient.

2. With regard to EFN's request to terminate environmental monitoring at the shut-down Hachsville Ore Body Station, the staff is requiring that EFN submit ^{in person} groundwater and air monitoring data collected in the past. In addition details must be submitted on the status of the site clean-up. Based on review of this data the staff will determine to what level monitoring can be reduced.

W.D. Clincalotte
V.P. Energy Fuel Nuclear

John J. Fisher

Financial assurance options: EFN will

1. develop in greater detail how a financial surety based upon a pledge of corporate assets will be implemented. The development will consider such questions as:
 - a. Protection of assets from claims of general creditors
 - b. Protection of assets in case of contingenc liabilities, e.g., attachments in litigation of tort or contract claims.
 - c. Protection of funds derived from sale of assets for use for reclamation and decommissioning.
 - d. Replacement of, and/or substitution of items in inventory.
 - e. Loss of value due to age of items.
 - f. Handling of proceeds from fire, theft, or other loss insurance covering pledged property.
2. Financial test
 - a. Propose methodology for validating companies' statements on net worth, assets, liabilities, cash flow, etc.
 - b. Suggest appropriate tests, e.g., EPA model or other.
 - c. Unqualified or qualified auditors letter?