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URANERZ U.S.A., INC.

190 Pronghorn • Casper, Wyoming • 82601

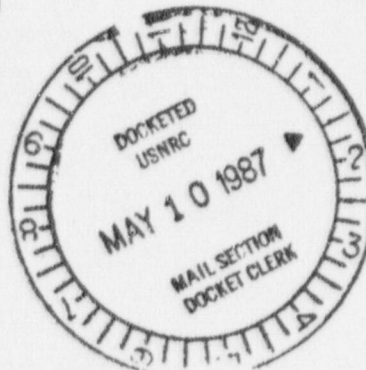
40-8783

Telephone: (307) 234-9169

Telecopy: (307) 235-1244

May 4, 1987

RETURN ORIGINAL TO PDR, HQ.



Dr. Harry Pettengill, Section Chief
Operating Facility Section I
USNRC Uranium Recovery Field Office
Lakewood Office
Lakewood Office Plaza
730 Simms Street, Suite 100A
Golden, CO 30401

Re: Docket #40-8783
License SUA-1401

Attention: Ms. Candace Jierre

Dear Dr. Pettengill:

As per the conversation of today between Ms. Jierre and George Hartman,
I am enclosing the 1987 Bond Review from the Department of Environmental
Quality. We are currently implementing this reduction.

Sincerely,

URANERZ U.S.A., INC.

Jody McNeese, Secretary to
Mr. George Hartman

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PDR ADDCK 04008783
C PDR

RECEIVED

JUN 15 AM '87

Encl.

FEE NOT REQUIRED

DESIGNATED ORIGINAL
Certified By Mary C. Hood

Add Info
87-597



Department of Environmental Quality

Land Quality Division
(307) 672-6488

April 30, 1987

Mr. George J. Hartman
Uranerz U.S.A., Inc.
190 Pronghorn
Casper, Wyoming 82601

RE: 1987 Ruth ISL Bond Review, R&D No. 9

Dear Mr. Hartman:

I have enclosed a copy of my 1987 Bond Review for the above mentioned operation. I have also attached a bond increase/decrease rider form.

Please note the \$186,035.00 decrease over the 1986 bond amount. You have a thirty (30) day comment period upon receipt of this letter, whereby you may incorporate the additional documentation in the next year's bond estimate or supply it now for a contingency reduction.

If you are in agreement with the \$200,939.00 bond amount, please begin formalization of the decrease by submitting the decrease rider form. Please contact me if you have any questions.

Sincerely,

Rocky Pray
Engineering Associate

RP:kn


Attachments

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

xc: Susan Hogg - w/attach.

MEMORANDUM

TO FILE: Uranerz U.S.A., Inc., Ruth ISL Project
Research and Development License No. RD9

FROM:  Rocky Pray, Engineering Associate

DATE: April 27, 1987

SUBJECT: 1987 Bond Review of the Ruth In-Situ Leach Site, RD9

I. General

The 1987 Performance Bond Estimate was received on March 30, 1987 by the Land Quality Division. The groundwater restoration was accepted by Mr. Randy Wood, WDEQ Director, on March 21, 1986; therefore, Uranerz U.S.A. has requested a bond reduction. The 1987 Bond Estimate has been submitted in accordance with W.S. 35-11-417(c)(ii).

II. Bond Review

A. Total bond with contingency for this review

Item 1		\$ 7,182
Item 2		36,875
Item 3		60,600
Item 4, well reclamation		
9 wellfield wells @ \$817/well	\$ 7,353	
41 monitor wells @ \$860/well	35,260	
replace topsoil	<u>2,761</u>	
Item 4 subtotal		45,374
Item 5		3,968
Item 6		<u>8,705</u>
SUBTOTAL		\$162,704
Contingency Amount (23.5%)		<u>38,235</u>
TOTAL BOND AMOUNT		<u>\$200,939</u>

B. Bond increases for this review

The Uranerz U.S.A. submittal for bond reduction has been upgraded by \$45,000.00. The majority of the increase is represented by the additional contingency (unknowns) cost and the wellfield reclamation costs. The cost per trip for contaminated material has also been

increased. Refer to the following section for a contingency breakdown.

The disposal cost has been increased to \$543/trip; this represents an inflationary factor of 3.0% per year.

The wellfield costs, item 4, were separated into wellfield wells (9 wells) and monitor wells (41 wells).

The wellfield wells were estimated at \$817/well and include:

- | | |
|---|--------------|
| . 1 cement cap | \$ 7.50/well |
| * . plugging cement \$.80/lf @ 325 ft. | 260.00/well |
| . cement equipment (hauling, mixing, pumping, etc.) | 300.00/well |
| . workover rig (rig time, labor, etc.) | 250.00/well |

The monitor wells were estimated at \$860.00/well, and include all the items listed above plus site reclamation costs:

- | | |
|--|--------------|
| . site location | \$ 9.00/site |
| . site contouring (backfilling holes, hand raking, etc.) | 30.00/site |
| . mechanical harrowing | 2.50/site |
| . seeding | 1.00/site |

- * Note: The plugging cement cost was calculated assuming the average hole would require about 325 feet of concrete. This would accommodate the artesian aquifers as required by W.S. 35-11-404(c)(i). The concrete/drilling mud columns would be acceptable, however, the LQD feels this would not be cost effective due to the workover rig time.

C. Contingency

The total contingency has been set at twenty-three point five percent (23.5%). The total contingency is formulated to cover any additional costs the State would encounter should the operator fail or the site be abandoned (W.S. 35-11-417(c)(ii)). The majority of the contingency increase is outlined in the unknown category.

The total contingency breakdown follows:

1. Project Management	\$ 6,508	(4.0%)
2. Mobilization	814	(.5%)
3. Bid Document Preparation, Book-keeping & Accounting	1,627	(1.0%)
4. Contracting, Engineering Design, Support Materials, & Personnel	8,135	(5.0%)
5. Stabilization, Monitoring & Site Maintenance	4,881	(3.0%)
6. Unknowns	<u>16,270</u>	<u>(10.0%)</u>
TOTAL CONTINGENCY	\$38,235	(23.5%)

The unknown category comprising the most increase can be reduced by supplying further documentation (see below). References for these contingency percentages will be made available to Uranerz U.S.A. upon request.

III. Future Documentation

The documentation for the 1987 Ruth ISL Bond Estimate appears relatively complete. However, some costs were not included and more cost itemization may be necessary.

Items that were not included in this bond are:

- . overhead and profit for demolition and decontamination
- . disposal and demolition of the generator area
- . reclamation of the 3" buried pipeline, buried telephone line, water-line, and sanitary leach field
- . disposal of chemicals remaining inside the processing equipment

The demolition and disposal costs for the pre-engineered buildings could be more detailed. How were the 4 and 6 trips derived? Were footings, foundation, and concrete slabs included in the foundation demolition costs?

There was also some discrepancy within the wellfield costs. Fifty (50) wells were listed, however, there were not 50 wells identified on any of the permit exhibits. Do 50 monitor/wellfield wells exist within the permit area? If not, please submit an appropriate illustration of all the wells.

IV. Conclusion

The items constituting an increase in the bond amount have been outlined in this review. The items outlined in Section III of this review can be addressed during the 1987-88 Performance Bond Estimate. If Uranerz U.S.A. does not agree with this readjusted bond amount, please submit the necessary documentation for a reduction.

The 1987 Bond Review has demonstrated a bond amount of \$200,939.00 (two hundred thousand, nine hundred thirty-nine dollars). This represents a decrease of \$186,035.00 from the 1986 bond amount.

Uranerz U.S.A., Inc. has a thirty (30) day comment period upon receipt of this review. If Uranerz U.S.A. is in agreement with this bond reduction, please begin formalization of the bond decrease.

State of Wyoming
Department of Environmental Quality
Land Quality Division
Equality State Bank
401 West 19th Street
Cheyenne, WY 82002

OTHER MINERALS

RECLAMATION PERFORMANCE BOND INCREASE/DECREASE RIDER

To be attached to and form a part of Surety Company Bond No. 147F7633,
WRITTEN BY Frank B. Hall
AS SURETY, on behalf of _____, and
AS PRINCIPAL, in the sum of Three Hundred-Eighty-Six Thousand-Nine Hundred Seventy-Four 00/
Dollars (\$ 386,974.00), in favor of the State of Wyoming and executed on _____

Whereas, the Department of Environmental Quality, Land Quality Division, issued
Permit to Mine number 9RD and dated October 9, 1981,
and amendment(s) numbered and dated _____
pursuant to the application of the Principal.

Whereas, said bond and rider shall cover any and all land affected or to be
affected by the mining operation under the above mentioned permit and amendment(s)
since the date of issuance of the permit.

Now, therefore, the amount of the bond is ~~increased~~/decreased by One-Hundred-Eighty-
Six Thousand-Thirty-Five and 00/100 Dollars (\$ 186,035.00), to a total
sum of Two Hundred Thousand-Nine Hundred-Thirty-Nine and 00/100
Dollars (\$ 200,939.00), to cover the additional/reduced cost of reclaiming
all affected lands. It is further understood and agreed that all other terms and
conditions of this bond shall remain unchanged.

PRINCIPAL

Bond No. _____

Signed and executed this _____ day of _____, 19____:

BY: _____

TITLE: _____

(Corporate

State of _____)

Seal)

County of _____) SS.

The foregoing instrument was acknowledged before me by _____

this _____ day of _____, 19____.

Witness my hand and official seal.

(Notary Public or other authorized officer)

My Commission Expires: _____

SURETY

Signed and executed this _____ day of _____, 19____:

BY: _____

TITLE: _____

State of _____)

) SS.

County of _____)

The foregoing instrument was acknowledged before me by _____,

this _____ day of _____, 19____.

Witness my hand and official seal.

(Notary Public or or other authorized officer)

My Commission Expires: _____

RESIDENT AGENT FOR SERVICE

Resident Agent: _____ Date: _____
(Signature)

(Printed Name)

Address: _____

Approved as to form and execution:

Attorney General

BY: _____ Date: _____
Assistant

APPROVED: _____ Date: _____
Administrator, Land Quality Division