

June 5, 2025

Mr. James Smith
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD 20852-2738

Ms. Rachel Miller
Oklahoma Department of Environmental Quality
707 North Robinson
Oklahoma City, OK 73101

Re: Docket No. 07000925; License No. SNM-928
Cimarron Environmental Response Trust
Request Approval for Construction Budget and Contractor Selection

Dear Recipients:

Solely as Trustee for the Cimarron Environmental Response Trust (CERT), Environmental Properties Management LLC (EPM) requests herein U. S. Nuclear Regulatory Commission (NRC) and Oklahoma Department of Environmental Quality (DEQ) approval of a budget for the construction of the groundwater extraction and transfer, water treatment, resin processing and storage, and treated water injection and discharge systems in accordance with *Facility Decommissioning Plan – Rev 3 (D-Plan)*. In addition to approval of the construction budget, EPM also requests NRC and DEQ approval of EPM's selection of three contractors: general contractor, a designer/fabricator for treated water injection skids, and a driller. Contracts are scheduled to be executed in June of 2025 with construction estimated to begin in July 2025 and extend through the second quarter of 2026, including startup and commissioning.

The proposed scope of work and budget for 2025 (2025 Scope & Budget), submitted on January 22, 2025, included funding for the engineering, design, radiation protection, and quality assurance support of the construction, installation, and testing of groundwater extraction and transfer, water treatment, resin processing and storage, and treated water injection and discharge systems. As a result, these professional services related to construction are not included in this budget request.

General Contractor

In May 2024, the following five companies were sent a brief description of the construction project and pre-qualification packages:

- Entact, LLC

- UCI Industrial Construction Services (UCI)
- O6 Environmental, LLC (O6)
- Garney Construction (Garney)
- Thalle Construction Company, Inc. (Thalle)

Entact notified EPM that based on the scope of the project and their existing 2025 workload, they would not be able to submit a bid for the project. The other four companies submitted pre-qualification packages, and by the end of June, the decision was made to request bids from all four.

A request for Request for Bid (RFB) for the General Contractor (GC) scope of work was submitted to UCI, O6, Garney, and Thalle on August 2, 2024. The scope of work included but is not limited to:

- Advancement of the existing Western Area Treatment Facility (WATF) pre-engineered metal building (PEMB) design, procurement, and building erection.
- Clearing and grubbing, installation of erosion control measures, and site road improvements
- Civil construction for all building and equipment foundations
- Pouring foundations for the treatment system building, tanks, injection skids, generators, etc.
- Fit out of the WATF, including process and office areas
- Fabrication and installation of tanks, acid tank scrubber, etc.
- Construction and development of groundwater extraction and treated water injection trenches
- Construction of the discharge line and Outfall 001 discharge structure
- Running utilities, power, piping, and instrumentation site wide
- Design, fabrication, and testing of control systems
- Installation of fencing, True-Grid and gravel pavement, and exterior lighting and security systems
- Connection of utilities, instrumentation, and piping between all systems/components provided by others.
- Performing startup and commissioning of all groundwater extraction, water treatment, resin processing, and treated water injection and discharge systems.

Of the four GC candidates who received RFBs, two of the four bidders (Garney and Thalle) declined to submit bids. Garney indicated that they were not comfortable bidding this scope of work as the prime contractor. Thalle indicated that they were already submitting bids for three large projects scheduled for the same timeframe and elected not to submit a bid. O6 informed EPM that they planned to bid as the prime contractor with UCI as their subcontractor.

To obtain additional bids to meet the competitive bidding requirement set forth in Section 3.2.5 of the Cimarron Trust Agreement, EPM solicited bids from three additional contractors:

- NorthStar Group Services (NorthStar)
- IKON Environmental Solutions, LP (IKON)
- Walters-Morgan Construction (Walters-Morgan)

Only one of these three contractors, NorthStar, informed EPM that they would submit a bid; however, they requested the bid due date be extended to November 15th. EPM agreed to this extension; however, before November 15th, NorthStar informed EPM that after further consideration they would not be submitting a bid. NorthStar's rationale for declining to bid was driven by their hesitancy to contract with a "Trust" and their inability to secure bids from local contractors for the more complex portions of the scope of work (e.g., mechanical construction inside the WATF).

EPM ultimately received a bid from O6 on November 15th. Preliminary evaluation of that bid suggested that the overall cost was high when compared to a construction cost estimate prepared by Burns & McDonnell in June 2024. In December, EPM requested that O6 request new bids from subcontractors to reduce their overall cost.

At this time, EPM also identified another potential bidder, Williams Construction (Williams), who expressed interest in offering a bid. However, on January 7, 2025, Williams informed EPM that their underwriter would not insure them for the project. Consequently, Williams was unable to submit a bid.

EPM received O6's revised bid on January 3, 2025. With Burns & McDonnell's support, EPM held a bid evaluation and scoping conference with O6 to vet O6's understanding of the scope. Following that meeting, EPM issued a request for information (RFI) to O6 detailing identified uncertainties. O6's response to the RFI demonstrated their understanding of the scope and verified they have the necessary qualifications and experience to complete the stated scope of work while serving in the GC role. Because O6 was the only firm to offer a bid, EPM, with Burns & McDonnell's support, utilized Burns & McDonnell's June 2024 construction cost estimate to condition O6's bid. A comparison to Burns & McDonnell's June 2024 construction estimate is included as Attachment 1. As indicated in Attachment 1, not all construction tasks were directly comparable; however, O6's bid was evaluated to be lower than Burns & McDonnell's June 2024 estimate. Given that EPM's bid evaluation was now limited to a comparison of O6's bid to Burns & McDonnell's June 2024 construction estimate, EPM requested O6 provided a detailed breakdown of their labor and equipment rates. A comparison of those rates against those utilized by Burns & McDonnell confirmed that O6's bid aligns with current market pricing.

EPM has described the above process to the NRC and the DEQ during monthly project status meetings, and both the NRC and the DEQ have stated that EPM's repeated attempts to obtain

bids satisfies the intent of Section 3.2.5 of the Cimarron Trust Agreement, which requires EPM to use competitive bidding to select contractors.

Based on the above, EPM has conditionally selected, pending approval by the NRC and the DEQ of this selection and construction budget request, O6 as the GC for the construction of the Cimarron groundwater remediation project. O6's estimated cost for this scope of work is \$20,439,390.

Treated Water Injection Skids

In May 2024, the following three companies were sent a brief description of the treated water injection skids scope and pre-qualification packages:

- PRM Filtration (PRM)
- Clear Creek Systems, Inc. (Clear Creek)
- Onion Equipment, LLC (OEC)

All three bidders demonstrated that they were qualified to perform the work and RFBs were issued on August 8, 2024, for the design, fabrication, delivery, and testing of treated water injection skids. All three firms provided bids; however, due to delays associated with the development of an equipment purchase agreement, the bids were not submitted until March 2025.

Upon receipt of the bids, EPM, with Burns & McDonnell's support, evaluated the bids based on qualification, experience, schedule, and cost. Estimated costs submitted by the bidders are provided below, and a detailed comparison of their estimates is provided as Attachment 2:

- PRM - \$526,030
- Clear Creek - \$1,187,199
- OEC - \$470,483

Clear Creek was eliminated due to significantly higher pricing despite submitting a comprehensive bid. Both PRM and OEC met qualification and experience requirements and offered similar delivery schedules; however, a detailed comparison of the bids submitted by these firms revealed key differences:

- **Bid Completeness and Clarity:** PRM provided a more detailed approach to design, adherence to submittal requirements, on-site support, and experience working with control systems integrators. Additionally, PRM was willing to provide a comprehensive warranty for engineered equipment in addition to the manufacturer's warranties provided for individual equipment components. OEC's bid lacked detail in these areas, leading to a nearly \$40,000 price increase after clarifying questions. Overall, this lack of detail raised concerns about their ability to effectively provide the product requested within schedule and budget.

- **Past Performance:** Burns & McDonnell has experience procuring engineered systems like the ones required for this project from both PRM and OEC. Burns & McDonnell's experience with OEC on a similar project highlighted challenges with submittal management, remote connectivity, and on-site and operations and management support. PRM has provided two packaged systems for Burns & McDonnell, both with satisfactory performance.
- **Operations & Maintenance Support:** PRM offers a digital O&M manual which integrates all equipment manuals as well as links to their online replacement part store, while OEC offers a simple PDF O&M manual with manuals for individual equipment components included as appendices. While difficult to quantify financially, PRM's O&M manual offering may lead to long term cost savings driven by efficient and cost-effective troubleshooting while also facilitating a more expedited startup up of the system in the event of equipment component malfunction or failure, etc.

In conclusion, despite OEC's lower initial bid price, EPM has conditionally selected PRM for the fabrication of the treated water injection skids due to its more complete and detailed bid, superior past performance, and superior O&M support. EPM believes these factors reduce overall project uncertainty, reduce potential costs associated with future technical support, and ultimately mitigate potential risks and result in best value. This award is conditional and pending approval by the NRC and the DEQ of this contractor selection and construction budget request.

Well Abandonment and Installation

In December 2024, EPM issued an RFB to three qualified contractors currently licensed by the Oklahoma Water Resource Bureau: Associated Environmental Industries, Corp. (AEI), Geotechnology Exploration, a UES Company (Geotechnology), and Environmental Works, Inc. (EWI) for the following scope of work:

- Abandon the monitor wells shown in Figures 8-7A, 8-7B, 8-8A, and 8-8B of the D-Plan
- Install and develop groundwater extraction wells shown in Figure 8-3 of the D-Plan
- Install and develop 22 new monitors wells shown in Figures 8-7A, 8-7B, 8-8A, and 8-8B of the D-Plan
- Develop six additional monitoring wells which were identified by EPM as having occluded well screens. (This scope was added post RFB)

EPM received bids from AEI and EWI; however, Geotechnology ultimately did not respond to the RFB. EPM evaluated the bids based on qualification, experience, schedule, and cost. Estimated costs submitted by the bidders are provided below, and a comparison of their estimates is provided as Attachment 3:

- AEI - \$236,440
- EWI - \$265,695

Both AEI and EWI met qualification requirements and offered similar delivery schedules. However, AEI submitted a lower estimated cost and has previously executed multiple monitoring well installation, development, and abandonment projects at the Cimarron Site while EWI has not.

Based on the above, EPM has conditionally selected AEI for the well installation and abandonment scope of work, pending approval by the NRC and DEQ of this selection and construction budget request.

Water Treatment and Resin Processing Systems

In a letter dated May 29, 2024, Robert Yalen, Office of the United States Attorney for the Southern District of New York, on behalf of the NRC and DEQ, approved of EPM contracting Veolia Nuclear Solutions Federal Services LLC (VNSFS) for the procurement, delivery, and testing of all water treatment and resin processing systems designed by VNSFS. VNSFS has issued RFBs to equipment suppliers for the fabrication, testing, and delivery of the following scope of work:

- Advancement of the design for a filter skid (or skids) to 100% issue-for-construction (IFC) status, followed by fabrication, factory testing, and delivery of the filter skid(s) to the Cimarron site.
- Fabrication, factory testing, and delivery of eight ion exchange resin vessels. Three resin vessels will be delivered to the ion exchange skid fabrication site where they will be installed on the ion exchange skids for final testing. One of the resin vessels will be delivered to the resin processing vendor for testing of the resin processing system. The final four resin vessels will be delivered to the Cimarron site.
- Fabrication, factory testing, and delivery of two ion exchange resin vessel skids that provide containment for the treatment systems. The ion exchange resin vessel skid vendor will receive three resin vessels for system testing. The ion exchange skids and the three resin vessels will then be delivered to the Cimarron site.
- Advancement of the design for a vertical blender to 100% IFC status, followed by fabrication, factory testing, and delivery to resin processing vendor.
- Fabrication of a resin processing system including several of the associated pumps, tanks, and piping. This includes the mezzanine structure on which all resin processing system components will be installed. The resin processing system, including the vertical blender and one resin vessel delivered to the fabrication site by the respective vendors, will be assembled and tested at the resin processing system fabrication site. After testing, the resin processing system will be disassembled and delivered, along with the vertical blender and one resin vessel, it to the Cimarron site.

VNSFS evaluated their bids and conditionally selected subcontractors based on best value. EPM has conditionally approval of the VNSFS vendor selections; however, EPM has also requested

VNSFS seek best and final pricing upon receipt of construction budget approval from NRC and DEQ and will reevaluate their selections prior to executing an agreement with VNSFS.

VNSFS' cost estimate for this scope of work is \$3,466,995.

- Filter Skids – \$505,719
- Vertical Blender - \$374,647
- Resin Handling - \$596,916
- Ion Exchange Vessels - \$856,737
- Ion Exchange Skids - \$1,132,976

Miscellaneous Construction Costs

The Logan County Rural Water District #2 will provide a connection for the WATF to the water main running along the east side of Highway 74. This requires a membership in the District and installation of a 2" water meter. The estimated cost for this is approximately \$5,000.

Oklahoma Gas and Electric (OG&E) will provide electrical power to the WATF and the Burial Area #1 Remediation Facility (BARF). OG&E will pay the cost to install overhead lines, but some clearing may be required at the Trust's expense. This will require execution of easements, and EPM will not know if there is a cost associated with obtaining those easements until approximately six months before power is needed. EPM is requesting \$15,000 to cover anticipated costs associated with clearing and obtaining easements required to provide electrical power to the facilities.

EPM will communicate with the Guthrie Fire Department to provide access through the gates on the Kalidy property and the gates to the Cimarron site. EPM will also arrange for Guthrie Fire Department Access through the gates at the WATF and the BARF so the Fire Department can respond to a potential fire at times when personnel are not present at the facility. Providing this facility access may require training Fire Department personnel regarding radiological and hazardous materials (i.e., hydrochloric acid) and Radiation Protection Program requirements associated with accessing the site. The actual cost associated with these activities is currently unknown; however, EPM is requesting \$5,000 to cover Fire Department coordination efforts.

During construction activities involving soil disturbance, Enercon Services, under contract with EPM, will collect soil samples for uranium analysis in accordance with the CERT Radiation Protection Plan. Costs for Enercon Services to collect the samples are included in the 2025 Scope & Budget; however, costs for the analytical analysis are not. EPM is requesting \$25,000 to cover anticipated costs associated with uranium soil sampling and analysis.

EPM estimates the total cost to address the miscellaneous construction-related expenses described above to be \$50,000.

Construction Contingency

Uncertainties can result in significant cost and schedule impacts during construction of the remediation system. Key uncertainties that have been identified include, but are not limited to:

- **Contractor Bid Fluctuation:** Contractor bids are subject to change between submission and contract execution due to time-sensitive pricing.
- **Market Volatility:** Global market instability, including potential tariffs and rising commodity prices (e.g., fuel, materials), introduces significant cost uncertainty. These factors may also impact equipment availability, procurement lead-times, logistics costs, etc.
- **Inflation and Cost Escalation:** General inflation and potential cost escalations during the project lifecycle pose a risk to the budget.
- **Unforeseen Circumstances:** Unforeseeable events, such as anomalous weather conditions, unexpected subsurface conditions, etc. could necessitate additional expenditures.

Additionally, the process of requesting additional funding and receiving approval in accordance with the Trust Agreement can be lengthy. In addition to delaying the overall project schedule, delays between identifying the need for and requesting critical funding resulting from key uncertainties can also result in significant and unnecessary cost impacts (e.g. demobilization/remobilization pending additional funding approval, etc.).

To address potential cost uncertainties, a 25% contingency of \$6,157,898 is requested, aligning with the contingency value specified in NUREG-1757, Volume 3, Appendix A. Approval of this budget authorizes EPM to utilize the contingency, provided EPM has provided NRC and DEQ estimated costs and justification for the specific use.

Construction Budget Request

EPM requests a total of \$30,898,569, including contingency funding, to fund construction of facilities and systems specified in the D-Plan (see Attachment 4).

- General Contractor – \$20,439,390
- Treated Water Injection Skids – \$526,030
- Well Abandonment and Installation and Development – \$236,440
- Water Treatment and Resin Processing Systems – \$3,466,995
- Miscellaneous Construction Costs – \$50,000
- Construction Contingency - \$6,179,714

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EPM requests that the NRC and DEQ approve this proposed construction budget and associated contractor selections. If additional information or clarification are required, please contact Matt Crawford at mdcrawford@burnsmcd.com or John Hesemann at jhesemann@burnsmcd.com.

Sincerely,



Matt Crawford
Trustee Project Manager



John Hesemann
Trust Administrator

Cc: (electronic copies only)

Stephanie Anderson and Linda Gersey, NRC Region IV

Paul Davis, Lee Dooley, David Cates, and Jonathan Reid, DEQ

Rob Yalen, Office of the United States Attorney for the Southern District of New York

NRC Public Document Room

vcpsubmittals@deq.ok.gov

Attachments:

- Attachment 1 – General Contractor Bid Comparison
- Attachment 2 – Treated Water Injection Skids Vendor Bid Comparison
- Attachment 3 – Drilling Contractor Bid Comparison
- Attachment 4 – Construction Budget Request

ATTACHMENT 1
GENERAL CONTRACTOR BID COMPARISON

**CIMARRON ENVIRONMENTAL RESPONSE TRUST
ATTACHMENT 1 - GENERAL CONTRACTOR BID COMPARISON**

				1		2	
				O6 Environmental		Engineer's Estimate (Prepared by Burns & McDonnell) ¹	
				2-Jan-25		24-Jun-24	
Price Breakdown Specified		QTY	UNIT	UNIT PRICE	EXTENDED	UNIT PRICE	EXTENDED
1	GENERAL CONDITIONS AND SUPERVISION ¹	12	MO	\$ 161,620	\$ 1,939,440	\$ 71,994	\$ 1,727,861
2	EROSION, CONTROL, MAINTENANCE, REMOVAL, REPORTING	1	LS	\$ 132,425	\$ 132,425	\$ 138,878	\$ 138,878
3	GENERAL EARTHWORK/GRADING/CLEARING	1	LS	\$ 341,665	\$ 341,665	\$ 610,069	\$ 610,069
4	ONSITE STARTUP, COMMISSIONING, AND TRAINING	1	LS	\$ 6,966,548	\$ 6,966,548	\$ 8,213,204	\$ 8,213,204
5	WESTERN AREA TREATMENT FACILITY	1	LS	\$ 867,853	\$ 867,853	\$ 657,851	\$ 657,851
6	WELL FIELD - GROUNDWATER EXTRACTION ²	1	LS	\$ 1,808,700	\$ 1,808,700	\$ 1,808,700	\$ 1,808,700
7	WELL FIELD - GROUNDWATER INJECTION ²	1	LS	\$ 1,551,424	\$ 1,551,424	\$ 1,551,424	\$ 1,551,424
8	TREATMENT DISCHARGE	1	LS	\$ 376,354	\$ 376,354	\$ 232,134	\$ 232,134
9	SITE UTILITIES	1	LS	\$ 77,000	\$ 77,000	\$ 155,650	\$ 155,650
10	ACCESS ROAD	1	LS	\$ 263,524	\$ 263,524	\$ 138,272	\$ 138,272
11	1206 DRAINAGE AREA	1	LS	\$ 444,955	\$ 444,955	\$ 1,157,532	\$ 1,157,532
12	CONTROL SYSTEM ³	1	LS	\$ 5,459,718	\$ 5,459,718	\$ 4,992,095	\$ 4,992,095
13	STARTUP AND COMMISSIONING	1	LS	\$ 124,765	\$ 124,765	\$ -	\$ -
14	SITE RESTORATION (SEEDING, ETC.)	1	LS	\$ 85,019	\$ 85,019	\$ 64,309	\$ 64,309
Total Base Amount				\$	20,439,390	\$	21,447,979
PRICING SUMMARY							
Total Amount				\$	20,439,390	\$	21,447,979
Over/ (Under) Base Amount					BASE	\$	1,008,589

Notes:

¹ - Burns & McDonnells general conditions estimate was based off 24 months to capture full project life cycle. O6 burdened these costs within their estimated 12 month construction schedule.

² - Burns & McDonnells estimate was based on installation utilizing shoring which was over \$2.5 million higher that O6 bid utilizing slurry. As a result, O6's bid estimates for these items were utilized for cost comparison.

³ - Burns & McDonnell's estimate included multiple line items that were incorporated to match O6's bid items.

MO - Months

LS - Lump sum

ATTACHMENT 2
TREATED WATER INJECTION SKIDS VENDOR BID COMPARISON

**CIMARRON ENVIRONMENTAL RESPONSE TRUST
ATTACHMENT 2 - TREATED WATER INJECTION SKIDS VENDOR BID COMPARISON**

				1		2		3	
				Clear Creek Systems		Onion Equipment, LLC		PRM Filtration	
				21-Mar-25		17-Mar-25		21-Mar-25	
Price Breakdown Specified		QTY	UNIT	UNIT PRICE	EXTENDED	UNIT PRICE	EXTENDED	UNIT PRICE	EXTENDED
1	DETAILED DESIGN OF TWO (2) PACKAGED INJECTION SYSTEMS	1	Lot	\$106,613	\$106,613	\$15,000	\$15,000	\$31,223	\$31,223
2	FABRICATION OF TWO (2) PACKAGED INJECTION SYSTEMS	1	Lot	\$723,108	\$723,108	\$381,112	\$381,112	\$399,732	\$399,732
3	TRANSPORTATION	1	Lot	\$26,517	\$26,517	\$8,950	\$8,950	\$4,200	\$4,200
4	ONSITE STARTUP, COMMISSIONING, AND TRAINING	1	Lot	\$60,462	\$60,462	\$4,150	\$4,150	\$11,555	\$11,555
5	SUBMITTALS; MEETINGS; REPORTS	1	Lot	\$151,909	\$151,909	\$8,000	\$8,000	\$15,000	\$15,000
6	PERFORMANCE AND PAYMENT BOND AND INSURANCE	1	Lot	\$5,463	\$5,463	\$6,000	\$6,000	\$4,000	\$4,000
7	QUALITY ASSURANCE / QUALITY CONTROL (QA/QC) PLAN DEVELOPMENT	1	Lot	\$5,200	\$5,200	\$4,500	\$4,500	\$12,500	\$12,500
Total Base Amount				\$1,079,272		\$427,712		\$478,209	
PRICING SUMMARY									
Total PO Amount				\$1,079,272		\$427,712		\$478,209	
Over/ (Under) Base Amount				\$651,560		BASE		\$50,497	
Estimated Taxes (10%)				\$107,927		\$42,771		\$47,821	
Estimated Total Price				\$1,187,199		\$470,483		\$526,030	

**ATTACHMENT 3
DRILLING BID COMPARISON**

**CIMARRON ENVIRONMENTAL RESPONSE TRUST
ATTACHMENT 3 - DRILLING CONTRACTOR BID COMPARISON**

				1		2		2	
				Associated Environmental Inc.		Environmental Works Inc.		Geotechnology, LLC	
				20-Dec-24		20-Dec-25		--	
Price Breakdown Specified		QTY	UNIT	UNIT PRICE	EXTENDED	UNIT PRICE	EXTENDED	UNIT PRICE	EXTENDED
1	Phase I - Monitoring Well Abandonments & Extraction Well Installation	1	Each	\$ 105,715	\$ 105,715	\$ 112,945	\$ 112,945	Did not offer bid.	
2	Phase II - Monitoring Well Installation	1	Each	\$ 123,225	\$ 123,225	\$ 149,750	\$ 149,750		
3	Additional Well Development ¹	6	Each	\$ 1,250	\$ 7,500	\$ 500	\$ 3,000		
Total Base Amount				\$	236,440	\$	265,695	--	
PRICING SUMMARY									
Total Amount				\$	236,440	\$	265,695	--	
Over/ (Under) Base Amount					BASE	\$	29,255	--	

Notes:

¹ - Additional scope added after bids were received. Price based off unit rates provided in bidders full bid submittals.

ATTACHMENT 4
CONSTRUCTION BUDGET REQUEST

**CIMARRON ENVIRONMENTAL RESPONSE TRUST
ATTACHMENT 4 - CONSTRUCTION BUDGET REQUEST**

Item	Contractor	Total Cost
General Contractor	O6 Environmental, LLC	\$20,439,390
Treated Water Injection Skids	PRM Filtration	\$526,030
Well Abandonment & Installation	Associated Environmental Industries, Corp.	\$236,440
Water Treatment and Resin Processing System	Veolia Nuclear Solutions Federal Services LLC	\$3,466,995
Miscellaneous Construction Costs	--	\$50,000
	Contingency (25%)	\$6,179,714
Total Budget (Including Contingency)		\$30,898,569