

May 10, 2002

Mr. Al Cox
Homestake Mining Company
P.O. Box 98
Grants, NM 87020

SUBJECT: HOMESTAKE MINING COMPANY - ACCEPTANCE OF THE PROPOSED
FINANCIAL SURETY AMOUNT FOR 2002 (TAC# L52422)

Dear Mr. Cox:

The U.S. Nuclear Regulatory Commission (NRC) staff has reviewed the letter from Mr. Cellan, your predecessor, dated March 27, 2002. The letter indicated that the licensee (Homestake Mining Company of California) intends to increase the surety from \$24 million to \$35.2 million, based primarily on a recent evaluation of the long-term ground water restoration program work to be done from 2002 to 2013. The NRC staff has determined that information required for a detailed review of the itemized cost estimates was not provided. However, given the voluntary significant increase in the surety amount proposed by the licensee, and current NRC workload considerations, License SUA-1471, Condition 28 will be amended to require a surety of \$35.2 million, as suggested by the licensee. Since other license conditions need to be updated, the amended license should be issued within 30 days.

The submitted letter also stated that the documentation supporting the financial test, as required by License Condition 28, would be submitted to the NRC to meet the surety anniversary date of June 30, 2002. However, License Condition 28 indicates that the basis for the cost estimate and the financial documentation should be provided with the annual submittal, 3 months prior to the anniversary date.

In order for the staff to perform a detailed review, please provide the basis for the cost estimates (volume of materials to move, acres to re-vegetate, unit costs, hourly labor rates, etc.), the financial test documents, and the financial instrument within 30 days of receipt of this letter. Refer to NUREG-1620, Rev.1, Appendix C, for guidance on documentation of cost estimates and to Uranium Recovery Program Policy and Guidance Directive LLWM 88-04 (referred to as the Branch Technical Position on Financial Assurances) for the required financial information. If any changes are required to your documents, we will notify you within approximately 60 days of submittal.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm.html> (the Public Electronic Reading Room).

If you have questions concerning this letter, call the NRC Project Manager for your site, Elaine Brummett, at 301-415-6606.

Sincerely,

/RA/

Daniel M. Gillen, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket 40-8903
License SUA-1471

cc: R. Ingersoll, Barrick

A. Cox

2

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Daniel M. Gillen, Chief
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Docket 40-8903
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* See previous concurrence

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