

November 29, 2005

Mr. Ernest Y. Scott
Manager Mining Operations
Anadarko Petroleum Corporation
2515 Foothill Boulevard, Suite 300
Rock Springs, Wyoming 82901

SUBJECT: SURETY REVIEW FOR BEAR CREEK URANIUM FACILITY (TAC LU0114)

Dear Mr. Scott:

By letter dated November 9, 2005, Bear Creek Uranium Company (BCUC) submitted its annual financial surety update for the Bear Creek site, as required by 10 CFR Part 40, Appendix A, Criteria 9 and 10, and License Condition (LC) 27 of BCUC Source Materials License SUA-1310. The BCUC proposed new surety for Bear Creek is \$874,024 and is based on the estimated costs for long-term surveillance (\$733,021), interim corporate expenses pending license termination (\$27,000), and contingency (\$114,111) at 15 percent of the aforementioned total costs.

The U.S. Nuclear Regulatory Commission (NRC) staff notes that the surety portion for long-term surveillance (\$733,021) has not been appropriately calculated. Using the September 2005 consumer price index for all urban consumers (CPI-U) of 198.8 and comparing it to the CPI-U of 65.2 for 1978 results in an adjustment of the \$250,000 long-term surveillance fee (1978 dollars) required by Appendix A, Criterion 10 to \$762,500. The staff notes that all reclamation and remediation activities at Bear Creek have been completed and the surety portion for interim corporate expenses (\$27,000), including corporate overhead, NRC review expenses, land transfer expenses, and groundwater monitoring costs, is reasonable. Lastly, the staff notes that the 15 percent contingency fee has been conservatively applied to the long-term surveillance fee. As the contingency fee need only be applied to the reclamation costs (i.e., the interim corporate expenses in this case), the total surety required by LC 27 (\$854,000) is adequate.

An environmental review was not performed because this action is categorically excluded under 10 CFR 51.22 (c)(10)(i).

If you have any questions regarding this action, please contact me at (301) 415-6629 or by e-mail at mhf1@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," 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/adams.html>.

Sincerely,

/RA/

Myron H. Fliegel, Project Manager
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8452
License No. SUA-1310

cc: D. Bergman-Tabbert, DOE GRJ
M. Moxley, DEQ, WY

E. Scott

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Sincerely,

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Myron H. Fliegel, Project Manager
Fuel Cycle Facilities Branch
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TAC No. LU0114 (closed)

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