

Rio Algom Mining LLC

June 30, 2011

Mr. Tom McLaughlin
United States Nuclear Regulatory Commission
Mail Stop T-8F5
Washington, DC 28555

Subject: Rio Algom Mining LLC – Ambrosia Lake Facility
License No. SUA-1473, Docket No. 40-8905
2011 Surety Update – License Condition #22

Dear Mr. McLaughlin;

Rio Algom Mining LLC is pleased to submit the 2011 annual surety update for the above referenced source material license. The surety calculations are consistent with 10CFR40, Appendix A, Criteria 9 and 10.

The work over the last fiscal year consisted primarily of monitoring and investigative work on groundwater and the Section 4 pond areas. In addition, scopes of work and actual costs were defined for the groundwater and the remaining surface reclamation. This effort resulted in an increase in the anticipated completion costs to \$13,964,047 compared against the 2010 surety calculated amount of \$11,370,406. The enclosed table summarizes the revised 2011 surety calculations.

Rio Algom Mining LLC currently retains a financial surety instrument in the amount of \$16,000,000. Given the complexity of revising the surety, Rio Algom Mining LLC requests approval to retain the current financial surety instrument in place.

If you have any questions on this matter or require additional information, please contact me at (505) 287-8851 x 19 or by e-mail at billy.wm.ray@bhpbilliton.com.

Respectfully submitted,



Billy Ray
Rio Algom Mining
Ambrosia Lake
Site Manager

cc – Original to Document Control

FSME20

**RIO ALGOM MINING LLC - AMBROSIA LAKE OPERATION
FINANCIAL ASSURANCE COST ALLOCATION - Revised June 2011**

Tailings Reclamation		
Cleanup Hot Spots		34,840
Revegetation		333,200
100 Year Channel (Approval & Construction)		803,130
Subtotal		1,171,170

Groundwater		
Monitor Well Closure		134,301
Monitor Well Replacement		150,000
Stability Monitoring Program		78,186
Monitoring (DP-362)		315,550
Subtotal		678,038

RAM Mill Decommissioning		
Mill Yard Soils Cleanup		825,600
Mill Pond Closure		145,250
Building Demolition - Include Mill Yard Revegetation		306,307
Substation Fencing (Power Line Relocation)		200,000
Disposal Cell Backfill		111,688
Subtotal		1,588,845

Lined Pond Closure		
Pond 2 - Cover Rock Purchase		1,723,410
Hot Spot Removal (Section 4)		525,000
Contour and Reseed (Section 4)		360,000
Pond 2 - Cover Placement Clay & Rock		3,144,899
New Clay Borrow Site Closure		470,835
Highway Crossing Removal		250,000
Subtotal		6,474,144

Site Management		
	Project Subtotal	9,912,197
	Site Management (3.9% - RSMeans)	386,576
	Overhead at 10%	1,029,877
Long Term Surveillance and Monitoring Fee (\$250K in 1978 \$ adjusted)		814,000
	Contingency (15% of all costs)	1,821,397

Total Estimated Costs 13,964,047