

July 24, 2012

MEMORANDUM TO: Dominick Orlando, Senior Project Manager  
Special Projects Branch  
Decommissioning and Uranium Recovery  
Licensing Directorate  
Division of Waste Management  
and Environmental Protection

FROM: Reginald Augustus, Financial Assurance Project Manager **/RA/**  
Special Projects Branch  
Decommissioning and Uranium Recovery  
Licensing Directorate  
Division of Waste Management  
and Environmental Protection

SUBJECT: UMETCO MINERALS CORPORATION'S PROPOSED 2012 SURETY  
FOR THE GAS HILLS URANIUM TAILINGS SITE, FREMONT AND  
NATRONA COUNTIES, WYOMING

On June 12, 2012, Umetco Minerals Corporation (UMETCO) submitted its annual surety estimate for its Gas Hills uranium tailings site, as required by License Condition 55 of UMETCO's radioactive materials license (SUA-648). I have completed my review of the surety estimate and find that it is acceptable. The surety estimate for 2012 excludes the cost estimate for completing the erosion protection enhancements because the work was completed in 2011 (License Condition 63) and the work was accepted by NRC per letter dated May 11, 2012 (ML120790259) and NRC field inspection on June 5, 2012.

Docket No.: 40-0299  
License No.: SUA-648

Enclosure: Technical Evaluation Report

CONTACT: Reginald Augustus, FSME/DWMEP  
301-415-0165

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<b>DATE</b>	7/23/12	7/23/12	7/24/12	7/24/12

**OFFICIAL RECORD COPY**

**TECHNICAL EVALUATION REPORT FOR  
UMETCO MINERALS CORPORATION'S PROPOSED 2012 SURETY  
FOR THE GAS HILLS URANIUM TAILINGS SITE,  
FREMONT AND NATRONA COUNTIES, WYOMING**

**Docket No.:** 40-0299      **License No.:** SUA-648

**DATE:** July 19, 2012

**FACILITY:** UMETCO Minerals Corporation – Gas Hills Uranium Tailings Site, Fremont and Natrona Counties, Wyoming

**TECHNICAL REVIEWERS:** Dominick Orlando, Reginald Augustus

**PROJECT MANAGER:** Dominick Orlando

**SUMMARY AND CONCLUSIONS**

By letter dated June 12, 2012 [ML12165A586] Umetco Minerals Corporation (UMETCO) submitted the annual surety estimate for 2012 for its Gas Hills uranium tailings site in Fremont and Natrona counties, Wyoming. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed the estimate and has determined that the surety amount meets NRC's regulatory requirements. The costs for the Erosion Protection Enhancement work have been excluded as work was completed in 2011 (LC 63) and was accepted by NRC per letter dated May 11, 2012 and NRC field inspection on June 5, 2012.

**BACKGROUND:**

The UMETCO Gas Hills site is located in a remote area of Wyoming, in Fremont and Natrona counties, approximately 60 miles east of Riverton WY. The restricted area of the site consists of approximately 542 acres, of which UMETCO owns 280 acres. The remainder of the site is under the jurisdiction of the U.S. Bureau of Land Management. The mill was constructed in 1959 and was shut down in 1984. Mill building decommissioning was completed in 1993. Site reclamation was completed in 2006 and approved by NRC in 2008. The Erosion Protection Enhancement work was completed 2011 and approved by NRC in 2012.

**TECHNICAL EVALUATION**

The NRC staff evaluated the surety estimate pursuant to the regulations in Title 10 of the Code of Federal Regulations (10 CFR), Part 40, Appendix A, Criteria 9 and 10. The review is also guided by the guidance in NUREG-1620, Rev 1, Appendix C. The staff notes that the licensee has met the requirement to submit its annual surety estimate 3 months prior to the anniversary date of September 13. The staff finds that the revised cost estimate is based on the costs of a third party contractor, and includes a 15% contingency factor. The licensee proposes to adjust its financial assurance proportional to the change in the Consumer Price Index (CPI) to an amount of \$1,024,787. The staff finds that the licensee relied on the latest available CPI figure, which at the time of the submittal was the April 2012 figure, to escalate its costs

**Groundwater Monitoring**

UMETCO requested and was authorized to use Alternative Concentration Limits for groundwater in March 2002. Excess wells have been reclaimed. Groundwater monitoring, as required by license condition, based on the costs of a third party contractor and escalated to April 2012 United States Dollars (USD), is estimated to be \$45,740.

**Miscellaneous costs**

The licensee estimates the aggregate costs of site taxes, legal expenses related to the land transfer and the salary of the radiation safety officer to be \$129,214. The costs for final completion were removed from the 2012 submittal by the licensee based on no identified additional technical reports that need to be submitted. The staff finds that these costs are based on costs of a third party contractor and are escalated to April 2012 USD.

**Long-Term Surveillance Fee**

The Long-Term Surveillance (LTS) Fee was escalated to April 2012 USD to an amount of \$849,778. On August 6, 2009, the Department of Energy submitted a draft Long-Term Surveillance Plan (LTSP) to NRC for the UMETCO Gas Hills site [ML092250176]. The NRC staff is currently reviewing the draft LTSP. Until such time as the staff completes its review, it is not clear whether the LTS fee will be adjusted.

**Proposed License Condition Change:**

Revise License Condition 55 to change the required surety amount to read: \$1,024,733.