

February 27, 2015

Chief, Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611  
Washington, D.C. 20044-7611

Re: Cimarron Environmental Response Trust  
Proposed 2015 Budget – Final for Approval

Dear Recipient:

Environmental Properties Management LLC (EPM) is pleased to provide this budget for calendar year 2015 to the beneficiaries of the Cimarron Environmental Response Trust (the Trust).

Revisions in the December 31 Submittal

The withdrawal of Clean Harbors Environmental Services (treatment system design) and Siemens/Evoqua (resin vendor) from the project has caused a delay in schedule, and impacted the 2015 cost of work to be performed

EPM has received proposals for treatability testing from two highly-qualified vendors: EnergySolutions and Kurion Inc. (partnering with AVANTech, Inc. and HighLine Engineering and Fabrication, Inc.). EPM, with concurrence from NRC and DEQ, selected Kurion, Inc. to perform treatability tests and to design water treatment systems. Kurion's "not-to-exceed" cost estimate for this work has been added to Task 4.

An inspection performed by NRC Region IV identified a need for better documentation of communications by formal hard copy submittal, rather than relying nearly exclusively on e-mail communications. Additional time was included in the proposed budget for the generation and production of formal submittals.

Task 1 was amended by \$25,000 to install additional fencing and gates following the sale of the 24-acre property containing the former buildings.

Finally, EPM has received an outline for uranium in-situ biological immobilization research which would be added to an existing DOE-funded research project being conducted by (among others) Dr. Kevin Finneran of Clemson University. Funding was added to Task 4 of the proposed budget to provide the funding that would be needed if NRC and DEQ authorize the performance of this work using site-specific groundwater.

### Changes in This Submittal

As for previous years, work performed for the Trust has been broken down into six tasks. The following is a summary of the breakdown of those costs by trust account:

- Task 1 – Administration – funded by the Cimarron Trust Administrative Account
- Task 2 – License Compliance – funded by the Cimarron Trust Federal Environmental Cost Account (“Federal Account”)
- Task 3 – Agency Fees – Federal – funded by the Federal Account
- Task 4 – Site Decommissioning – The cost for research on in-situ biological immobilization will be funded exclusively by the Cimarron Trust State Environmental Cost Account (the “State Account”). All other costs will be split between the Federal Account (93.2%) and the State Account (6.8%).
- Task 5 – Agency Fees – State – funded by the State Account
- Task 6 – Unanticipated Work – funded by either the Federal Account, the State Account, or both, as agreed upon by the beneficiaries

Task 1 was amended by \$6,000 to provide for repair of damaged site gates along the highway and metal guards on the office building windows.

Initial bids were received for fencing and gates for the divested property, and this cost was increased to \$27,500. Additional bids are forthcoming, and this represents a maximum cost for installation of fencing and gates.

The budget for Task 5 was increased to \$31,000 to cover the payment of an invoice from DEQ. DEQ has indicated that no additional invoice should be submitted to the Trust during 2015.

These represent all the changes to this final budget submittal. All these changes have been discussed with NRC and DEQ and were anticipated by those agencies.

The attached table provides a breakdown of the estimated cost for each task. Costs for labor, travel, and incidentals highlighted in pink are for EPM personnel. Costs shown in green are non-EPM costs for materials or services performed for the Trust.

Should a beneficiary request that the Trustee perform work outside the defined scope of work provided in this budget submittal (unanticipated work), EPM will define the scope and estimate the cost of that work, and propose the allocation of cost (i.e., drawn from the Administrative, Federal, and/or State Accounts). EPM will then proceed with the work as agreed upon by the beneficiaries upon approval of the allocation of costs.

Section 3.2.1 of the Trust Agreement requires the Trustee to project administrative expenditures for a three year period. EPM expects administrative expenditures to remain essentially the same as projected for 2015 through 2017.

The balance for each cost account as of January 1, 2015 was provided under separate cover.

Attached to this letter please find the following:

- An executive summary
- A scope of work for 2015
- A spreadsheet itemizing estimated budgetary estimates by task and expense item category

EPM provides the following summary description of the scope of work under Task 4, “Site Decommissioning” for Burns & McDonnell Engineering Company, Inc. (Burns & McDonnell), and Enercon Services, Inc. (Enercon).

Burns & McDonnell:

- Prepare and submit a report on the 2014 design investigation. This report will include a description of how the investigation results influence the development of a groundwater remediation plan.
- Evaluate alternative approaches to groundwater remediation. A range of magnitude cost and schedule estimate will be developed, based on the optimum approach selected as a result of this evaluation.
- Present a conceptual remedial design to NRC and DEQ. The conceptual design presentation will include the locations of groundwater extraction and injection components, utility and piping runs, locations of water treatment facilities and discharge structure(s), and conceptual piping and instrumentation diagrams for water treatment systems and groundwater recovery and injection controls.
- Prepare and submit a groundwater remediation plan at a 60% design level. This design will provide a significantly higher level of detail than the conceptual remedial design, at a level of detail sufficient to obtain regulatory approval.
- Support preparation of a decommissioning plan in accordance with Appendix D, Volume 1, Rev. 2 of NUREG-1757, “*Consolidated Decommissioning Guidance*”.
- Initiate applications for applicable Oklahoma discharge, Oklahoma underground injection control, and/or US Corps of Engineers 404 permits.
- Meet with beneficiaries during decommissioning plan development as requested.
- Evaluate in-situ remediation and collaborate with Clemson University on in-situ biological immobilization research.
- Project management and coordination.

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Enercon Services:

- Provide support in the development of the groundwater remediation design to ensure compliance with regulatory and license requirements.
- Perform or evaluate quality reviews of the groundwater remediation design to ensure compliance with regulatory and QA program requirements.
- Implement radiation protection program. This includes revising the Radiation Protection Plan and associated procedures as appropriate, based on the groundwater remediation plan prepared by Burns & McDonnell.
- Provide radiological technician support for field activities.
- Implement the quality assurance program. This includes revision of the Quality Assurance Program Plan as needed based on the groundwater remediation design.
- Provide support for groundwater sampling and other field activities as requested
- Support preparation of a decommissioning plan in accordance with Appendix D, Volume 1, Rev. 2 of NUREG-1757, *Consolidated Decommissioning Guidance*.
- Meet with beneficiaries during preparation of the groundwater remediation plan
- Provide support for site inspections, if conducted

Your approval of the attached budget is requested. Please feel free to call me at (816) 822-3545, or Jeff Lux at (405) 642-5152 if you have questions regarding this proposed budget.

Sincerely,



Bill Halliburton, Trust Administrator

Attachments

cc: Robert Yalen, U.S. Department of Justice  
Drew Persinko, U.S. Nuclear Regulatory Commission  
Craig Kaufman, U.S. Environmental Protection Agency  
Pam Dizikes, Oklahoma Department of Environmental Quality  
Clayton Eubanks, Office of the Attorney General of Oklahoma  
Ken Kalman, U.S. Nuclear Regulatory Commission  
David Cates, Oklahoma Department of Environmental Quality

CIMARRON ENVIRONMENTAL RESPONSE TRUST  
2015 BUDGET EXECUTIVE SUMMARY

The Cimarron Environmental Response Trust (CERT) is administered by Environmental Properties Management LLC (EPM) as Trustee. EPM submits the attached information for consideration for the time period beginning January 1, 2015 through December 31, 2015. The attached estimates categorize expenses into the following “tasks”:

1. Administrative Costs
2. License Compliance – Federal Account
3. Agency Fees – Federal Account
4. Site Decommissioning – Federal and State Accounts
5. Agency Fees – State Account
6. Unanticipated Work – Unknown

Costs for Task 1 will be paid out of the Cimarron Administrative Cost Account. Costs for Tasks 2 and 3 will be paid out of the Cimarron Federal Environmental Response Cost Account. Excluding funding for in-situ remediation (100% to the State Account), costs for Task 4 will be allocated 93.2% to the Federal Account and 6.8% to the State Account. Costs for Task 5 will be paid out of the Cimarron State Environmental Response Cost Account. Costs for Task 6 will be paid out of one or more of the three accounts as agreed upon by the agencies upon assignment.

The following is a summary scope of work that is anticipated for 2015:

- A. Administration
  - Pay taxes and utility bills, maintain the site
  - Submit quarterly, semi-annual, and annual reports to Trust Beneficiaries
  - Conduct and follow up on monthly status teleconferences
  - Prepare quarterly public information updates
  - Perform needed upgrades in office building (electrical and network infrastructure)
- B. License Compliance
  - Maintain the radiation protection and quality assurance programs (includes revision of each in accordance with groundwater remediation plan)
  - Conduct ALARA Committee meetings
  - Conduct annual environmental monitoring
  - Participate in NRC inspections, if conducted in 2015
- C. Site Decommissioning
  - Report on the 2014 design investigation
  - Conduct treatability tests for removal of uranium and nitrate from groundwater
  - Present a conceptual remedial design to NRC and DEQ
  - Submit a license amendment request with a decommissioning plan for groundwater remediation (for release for unrestricted use)
  - Present the decommissioning plan to the public and obtain public input
- D. Respond to beneficiary requests for work not currently defined

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## CIMARRON ENVIRONMENTAL RESPONSE TRUST 2015 SCOPE OF WORK

### Task 1 – Administrative Costs – Administrative Account

Scope – This task includes administrative costs associated with:

1. Monitoring and reporting the financial status of each of the Trust accounts
2. Payment of taxes, utilities, etc.
3. Maintaining the site, including fencing and gate modifications, building maintenance and cleaning, etc.
4. Executing contracts and work orders for site maintenance and oversight activities
5. Upgrading the electrical and networking infrastructure of the office facility
6. Maintaining a public information website and program including quarterly and *ad hoc* communications and public meetings as appropriate
7. Conducting and distributing notes on monthly project status teleconferences

### Task 2 – License Compliance – Federal Account

Scope – This task includes the following:

1. Conduct the ALARA program, and conduct and document ALARA Committee meetings
2. Conduct the radiation protection program, and review and revise the Radiation Protection Plan (RPP) and associated procedures as per license requirements
3. Conduct the quality assurance program, and review and revise the Quality Assurance Project Plan (QAPP) and associated procedures
4. Revise the site specific Sampling and Analysis Plan (SAP) and associated procedures as appropriate
5. Attend NRC on-site inspections and respond to requests for information
6. Plan and conduct annual environmental sampling, and review and report data:
  - a. Assumes locations specified in Section 15 of the RPP
  - b. Assumes analysis for gross alpha, gross beta, dissolved uranium concentration, isotopic uranium activity, nitrate/nitrite, and fluoride.
  - c. Incorporate data and data review qualifiers into data repository
7. Participate in periodic communication with NRC regarding license issues as needed

### Task 3 – Agency Fees – Federal Account

Scope – This task reimburses NRC for anticipated costs for the oversight and inspection (if any) of the Cimarron decommissioning project. NRC did not provide an estimate for 2015 oversight costs; EPM assumed oversight costs of \$250,000. NRC has not charged oversight costs, but this funding was included in the proposed budget in case additional funding is received, and NRC begins to recover its oversight costs. Oversight costs exceeding this estimate will require a reallocation of approved expenditures or a budget supplement.

### Task 4 – Site Decommissioning – Federal and State Accounts

Scope – This task will include:

1. Reporting the results of the 2014 design investigation

2. Conducting treatability test for removal of uranium and nitrate from produced groundwater
3. Completing the evaluation of remedial approaches and technologies
4. Presenting a conceptual remedial design to NRC and DEQ
5. Preparing a decommissioning plan prepared in accordance with Appendix D, Volume 1, Rev. 2, of NUREG-1757, Consolidated Decommissioning Guidance which will include:
  - a. A request to change the U-235 possession limit from a mass limit to a concentration limit for resin generated during groundwater remediation
  - b. A request to amend several license conditions
  - c. A proposal to redefine the licensed area to ensure that all areas within which groundwater exceeds license release criteria, and through which licensed material will be transferred during remediation, are subject to license controls
  - d. A groundwater remediation plan (see below)
  - e. In-process and post-remediation groundwater monitoring plans
  - f. Final status survey and demonstration of compliance with unrestricted release criteria
6. Prepare Oklahoma discharge permit application(s) as needed
7. Prepare an underground injection control permit application as needed
8. Prepare a Corps of Engineers 404 permit application as needed
9. Schedule and conduct a public meeting to present the groundwater remediation plan and permit applications, if requested by NRC and/or DEQ, and obtain public input
10. Provide additional funding to increase the scope of a DOE-funded research effort to evaluate the potential for re-mobilization of uranium to concentrations greater than the DCGL after implementing in-situ biological immobilization.

Groundwater Remediation Design – The approach to groundwater remediation cannot be fully defined until the 2014 design investigation and the 2015 treatability tests are complete. For the estimated costs presented herein, it was assumed that separate treatment facilities will be designed for Burial Area #1, the Western Alluvial Area where the uranium concentration is the decommissioning criterion, and the Western Alluvial Area where the nitrate concentration exceeds its MCL. It was also assumed that the design for Phase II may include in-situ biological immobilization for uranium. Should a less complex design be needed, realized costs may be lower than the estimates presented herein.

The costs for individual components of the Site Decommissioning task were not allocated between the State and Federal Accounts. The cost of each item listed in the attached budget will be allocated at 93.2% of the total cost for this task to the Federal Account, and 6.8% of the total cost to the State Account.

#### Task 5 – Agency Fees – State Account

Scope – This task reimburses DEQ for oversight and inspection costs (if any) for the Cimarron remediation project. DEQ did not provide an estimate for 2015 oversight costs; EPM created a \$25,000 fund for oversight costs. DEQ can withdraw oversight costs from this fund, and if needed, the fund is replenished back to its \$25,000 initial funding. DEQ has not drawn upon this fund, but \$25,000 was included in the proposed budget should it be needed.

#### Task 6 – Unanticipated Work

The scope, cost, and allocation of costs between accounts will be determined at the time tasks outside the Scope of Work described above are identified.

*Note: The basis for the allocation in Task 4 is the ratio of initial Federal (or State) funding to the total initial funding available to all Environmental Response Cost Accounts, including the Standby Trust Fund. The total initial funding funding both Federal and State accounts was \$10,934,495, which is the sum of \$6,588,381 (Federal Cost Account), \$3,600,000 (Standby Trust Fund), and \$746,114 (State Cost Account). The \$746,114 funding of the State Account is 6.8% of this total. The \$10,188,381 funding of the Federal Cost Account (including funds available through the Standby Trust Fund) is 93.2% of this total.*

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**CIMARRON ENVIRONMENTAL RESPONSE TRUST  
2015 PROPOSED BUDGET - DRAFT**

Task No.	Task Description					REIMBURSABLE EXPENSES				
		Category	Hourly Rate	Hours	Cost	Item	Quantity	Unit	Cost per Unit	Total Cost
1	Administrative Costs	Associate (15)	\$212.00	384	\$81,408.00					
		Associate (22)	\$180.00	808	\$145,440.00	BMcD Support	1	Lump	\$25,000.00	\$25,000.00
		Travel & Incidentals			\$2,808.00	Office Expense	12	Mo	\$2,000.00	\$24,000.00
						Utilities	12	Mo	\$700.00	\$8,400.00
						Taxes	1	Lump	\$8,000.00	\$8,000.00
						Site Maintenance	1	Lump	\$30,000.00	\$30,000.00
						Legal Expenses	1	Lump	\$8,000.00	\$8,000.00
						Electrical & Technology	1	Lump	\$25,000.00	\$25,000.00
						Fencing & Gates	1	Lump	\$27,500.00	\$27,500.00
Task Subtotals				1192	\$229,656.00					\$155,900.00
Task Total										\$385,556.00
2	License Compliance - Federal	Associate (15)	\$212.00	62	\$13,144.00					
		Associate (22)	\$180.00	364	\$65,520.00	BMcD Support	1	Lump	\$28,124.00	\$28,124.00
		Travel & Incidentals			\$1,299.00	Enercon Support	1	Lump	\$159,150.00	\$159,150.00
						Monitor Well Access	1	Lump	\$5,000.00	\$5,000.00
						Instrument Calibration	1	Lump	\$1,000.00	\$1,000.00
						Instrument Parts	1	Lump	\$500.00	\$500.00
						Lab Analysis	35	each	\$250.00	\$8,750.00
						Sampling Expense	1	Lump	\$3,000.00	\$3,000.00
		Task Subtotals				426	\$79,963.00			
Task Total										\$285,487.00
3	Agency Fees - Federal					NRC Fees	1	Lump	\$250,000.00	\$250,000.00
Task Subtotals				0	\$0.00					\$250,000.00
Task Total										\$250,000.00
4	Site Decommissioning - \$1,487,307 - Federal Account \$196,140 - State Account	Associate (15)	\$212.00	173	\$36,676.00					
		Associate (22)	\$180.00	1111	\$199,980.00	BMcD Support	1	Lump	\$686,558.00	\$686,558.00
		Travel & Incidentals			\$4,150.00	Enercon Support	1	Lump	\$219,139.00	\$219,139.00
						Treatment Vendor	1	Lump	\$398,800.00	\$398,800.00
						Lab Analysis (U conc., NO3, F only)	220	each	\$80.00	\$17,600.00
						Surveyor	1	Lump	\$30,000.00	\$30,000.00
						Well Access	1	Lump	\$10,000.00	\$10,000.00
						Sampling Expense	1	Lump	\$12,000.00	\$12,000.00
						In-Situ Re-Mobilization Research	1	Lump	\$68,544.00	\$68,544.00
Task Subtotals				1284	\$240,806.00					\$1,442,641
Task Total										\$1,683,447
5	Agency Fees - State					DEQ Fees	1	Lump	\$31,000.00	\$31,000.00
Task Subtotals				0	\$0.00					\$31,000.00
Task Total										\$31,000.00
6	Unanticipated Work - Charged to Acct. As Agreed Upon by Agencies	Associate (15)	\$212.00	10	\$2,120.00					
		Associate (22)	\$180.00	20	\$3,600.00	Subcontractor	1	Lump	\$50,000.00	\$50,000.00
		Travel & Incidentals			\$4,915.00	Other Expenses	1	Lump	\$20,000.00	\$20,000.00
Task Subtotals				30	\$10,635.00					\$70,000.00
Task Total										\$80,635.00
Total					\$550,425.00					\$2,716,125