



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

November 9, 2016

Theresa Ballaine, Site Manager
Rio Algom Mining LLC
P.O. Box 218
Grants, NM 87020

SUBJECT: RIO ALGOM MINING LLC 2016 SURETY UPDATE FOR ITS AMBROSIA LAKE
FACILITY (CAC NO. L53137)

Dear Ms. Ballaine:

By letter dated June 14, 2016,¹ Rio Algom Mining, LLC (the licensee) submitted its proposed 2016 annual surety update for the Ambrosia Lake Facility, U.S. Nuclear Regulatory Commission (NRC) Source Material License No. SUA-1473. License Condition 22 of SUA-1473, requires the licensee to submit annual updates to the surety amount by June 30 of each year. The NRC staff evaluated the contents of the cost estimate according to 10 CFR Part 40, Appendix A, Criteria 9 and 10 and Appendix C to NUREG-1620, Rev. 1, "Outline Recommended by the NRC staff for Preparing Site-Specific Facility Reclamation and Stabilization Cost Estimates for Review."

The NRC staff has completed its review of the surety update estimate for the Rio Algom Ambrosia Lake uranium mills tailing site and finds that the licensee has included in the update all activities listed in the reclamation plan or in Appendix C of NUREG-1620, Rev. 1, and plans to conduct all activities during the period covered by the update. The NRC staff finds that the licensee has based the assumptions for the financial surety analysis on site conditions, including experiences with generally accepted industry practices, and research and development at the site.

The NRC staff finds that the values used in the financial surety update are based on current dollars and reasonable costs for the required reclamation activities are defined. Therefore, the NRC staff finds that the licensee has established an acceptable financial assurance cost estimate based on the requirements in 10 CFR Part 40, Appendix A, Criterion 9 and 10.

The instrument to be used by the licensee for the financial assurance update is an irrevocable Letter of Credit (LOC). A signed original of the LOC is currently held by NRC who is the named beneficiary on the financial instrument. The LOC amount is \$16,000,000. This figure remains unchanged from the prior year's surety amount as the facility's revised cost estimate has not exceeded the prior year's approved LOC amount. The NRC staff finds that the LOC reasonably includes sufficient funds available to carry out all decommissioning and decontamination activities for the mill and site and any tailings or waste disposal areas.

¹ Agencywide Documents Access and Management System Accession No. ML16174A117.

Additionally, a Standby Trust Agreement (STA) is in place, pursuant to criteria in 10 CFR Part 40, Appendix A, Criterion 9 which states “[I]f a trust is not used, then a standby trust fund must be set up to receive funds in the event the Commission or State regulatory agency exercises its right to collect the surety.” Please note that in future surety submittals, the licensee should provide estimates with CPI included at the unit level.

In accordance with 10 CFR 2.390 of the NRC’s “Agency Rules of Practice and Procedure,” a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC’s ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions, please contact Jeffrey Whited at 301-415-4090, or via email, to Jeffrey.Whited@nrc.gov.

Sincerely,

/RA/

Matthew R. Meyer, Acting Chief
Materials Decommissioning Branch
Division of Decommissioning, Uranium Recovery,
and Waste Programs
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8905
License No.: SUA-1473

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/RA/

Matthew R. Meyer, Acting Chief
Materials Decommissioning Branch
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Office of Nuclear Material Safety
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