



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

January 25, 2018

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

SUBJECT: RIO ALGOM MINING LLC 2017 SURETY UPDATE FOR ITS AMBROSIA LAKE
FACILITY (CAC NO. L53196)

Dear Ms. Ballaine:

By letter dated June 16, 2017, Rio Algom Mining, LLC (the licensee) submitted its proposed 2017 annual surety update for the Ambrosia Lake Facility, U.S. Nuclear Regulatory Commission (NRC) Source Material License No. SUA-1473 (Agencywide Documents Access and Management System (ADAMS) ML17179A162). The license Condition 22 of SUA-1473, requires the licensee to submit annual updates to the surety amount by June 30th of each year. The NRC staff evaluated the contents of the cost estimate according to 10 *Code of Federal Regulations* (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 2017 annual surety update estimate from the licensee provided a list of decommissioning work that has been completed at the Rio Algom Ambrosia Lake uranium mills tailing in the areas of Tailings Reclamation, Groundwater, Mill Decommissioning, and Lined Pond Closure, as well the cost estimates for decommissioning work to be completed in these areas and in Monitor Well Closure and Radiological Survey, Monitoring and Cleanup. The licensee proposed a total surety cost estimate to compete the work by a third-party to be approximately \$5,501,494, which includes an increase due to the Consumer Price Index for April 2017 and a 15% contingency. The NRC staff has completed its review of the surety update estimate for the Rio Algom Ambrosia Lake uranium mills tailing site based on the requirements in 10 CFR Part 40, Appendix A, Criterion 9 and 10 and Appendix C to NUREG-1620, Rev. 1, "Outline Recommended by the U.S. Nuclear Regulatory Commission Staff for Preparing Site-Specific Facility Reclamation and Stabilization Cost Estimates for Review." While the surety update estimate appeared reasonable, the NRC staff cannot verify the completed work as provided in the 2017 surety update by the licensee until the Completion Report is finalized.

In the 2017 surety update submittal, the licensee requested approval from the NRC staff to retain the current financial surety instrument in the amount of \$16,000,000. This amount is significantly greater than the 2017 annual surety estimate from the licensee. Accordingly, the NRC staff approves that the licensee maintain the financial surety instrument in the amount of \$16,000,000, until the completed work may be verified and an updated surety estimate from the licensee is approved by the NRC staff.

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.

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. The ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions, please contact Varughese Kurian at 301-415-7426, or via email, to varughese.kurian@nrc.gov.

Sincerely,

/RA/

Stephen Koenick, 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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FACILITY (CAC NO. L53196), DATED JANUARY 25, 2018

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