



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

January 30, 2018

Thomas Wohlford, Closure Manager
Grants Reclamation Project
Homestake Mining Company of California
P.O. Box 98/Highway 605
Grants, NM 87020

SUBJECT: 2017 ANNUAL SURETY UPDATE FOR THE HOMESTAKE MINING
COMPANY OF CALIFORNIA GRANTS RECLAMATION PROJECT,
AMENDMENT NUMBER 51 TO SOURCE MATERIALS LICENSE
SUA-1471, DOCKET NUMBER 40-8903

Dear Mr. Wohlford:

Enclosed, please find the U.S. Nuclear Regulatory Commission (NRC) Safety Evaluation Report for the Homestake Mining Company of California (HMC) 2017 surety update for the HMC Grants Reclamation Project (Grants) site in Grants, NM. Also enclosed is Amendment 51, to Source Materials License SUA-1471, which revises the amount of the surety to reflect the current cost estimate for decommissioning and reclamation of the Grants site.

By letter dated June 23, 2017,¹ HMC submitted its annual financial surety update for the Grants site, as required by Title 10 of the *Code of Federal Regulations* (10 CFR) Part 40, Appendix A, Criteria 9 and 10, and License Condition (LC) 28 of HMC's source materials license. The HMC proposed 2017 surety for the Grants site is \$69,976,178 and is comprised of total project reclamation project costs of \$60,065,600, a contingency fee of \$9,009,840 estimated at 15 percent of the aforementioned total project costs, and an estimated minimum long-term surveillance fee of \$900,738.

The U.S. Nuclear Regulatory Commission (NRC) staff has completed its review of the proposed 2017 surety for the Grants site using the guidance provided in NUREG-1620, Rev. 1, "Standard Review Plan for the Review of a Reclamation Plan for Mill Tailings Sites Under Title II of the Uranium Mill Tailings Radiation Control Act of 1978."² The staff has evaluated the detailed individual elements of the decommissioning and reclamation costs for the Grants site and considers HMC's estimates to be comprehensive, reasonably derived, and appropriate. All estimated decommissioning and reclamation costs for contractor and consultant services include the costs for labor and equipment, overhead, and profit. The staff finds that the surety portion for minimum long-term surveillance is appropriate.

¹ Agencywide Documents Access and Management System (ADAMS) Accession No. ML17193A233.

² ADAMS Accession No. ML032250190.

The NRC staff notes that the \$7,485,688 increase in the decommissioning cost estimate from the last approved annual surety update is due to water treatment activities to be completed by Homestake as part of its long-term care and maintenance of the site. The 2017 decommissioning cost estimate is based on completion of decommissioning activities in 2024. HMC is currently reevaluating the completion date for decommissioning activities, which will be included in a revised Corrective Action Plan (CAP) due to the NRC by December 31, 2018. Although the staff has not yet approved the updated revised CAP, HMC's decommissioning cost estimate ensures that HMC will have a surety that is at least sufficient at all times to cover the cost of decommissioning and reclamation of the HMC site, in accordance with 10 CFR Part 40, Appendix A, Criterion 9. The NRC concludes that the 2017 proposed surety of \$69,976,178 is acceptable for the Grants site.

Additionally, 10 CFR 40.36 allows for the use of a Parent Company Guarantee (PCG) of funds for decommissioning costs based on a financial test if the guarantee and test are as contained in Appendix A to 10 CFR Part 30. The NRC staff finds that HMC has established an acceptable financial assurance mechanism based on the requirements in 10 CFR Part 30, Appendix A and that the current financial surety reasonably includes funds sufficient to cover the estimated current costs of the facility. Please note that the HMC surety update submission included a PCG and a draft Standby Trust Agreement (STA) as required in 10 CFR Part 30, Appendix A, when using a PCG. Upon approval, Homestake will provide NRC with a finalized version of the STA agreement.

Based on the NRC staff's review as noted above, Source Materials License SUA-1471 is amended by revising LC 28 to indicate that HMC's surety shall be continuously maintained in an amount no less than \$69,976,178 until a replacement is authorized by the NRC. The aforementioned modification to LC 28 is provided as Amendment No. 51 to Source Materials License SUA-1471 (enclosed). In addition, LC 40 has also been revised to update the NRC address for written notices and reports from HMC. All other conditions of the license shall remain the same. An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22(c)(10).

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," 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 document system ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

T. Wohlford

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If you have any questions regarding this letter or the enclosure, please contact Mr. Jeffrey Whited at (301) 415-4090 or by e-mail to Jeffrey.Whited@nrc.gov.

Sincerely,

/RA/

Stephen S. Koenick, Chief
Materials Decommissioning Branch
Division of Decommissioning, Uranium Recovery
and Waste Programs
Office of Nuclear Materials Safety
and Safeguards

Docket No. 40-8903
License No. SUA-1471

Enclosures: 1. Safety Evaluation Report
2. License Amendment No. 51

cc: Homestake Distribution List

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