



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

August 23, 2018

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

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION – NRC REVIEW OF
HOMESTAKE 2018 FINANCIAL SURETY LICENSE AMENDMENT REQUEST

Dear Mr. Wohlford:

By letter dated May 14, 2018,¹ the Homestake Mining Company of California (HMC) submitted a license amendment application to the U.S. Nuclear Regulatory Commission (NRC) staff for review and approval. In its application, HMC is requesting that the staff amend Materials License Number SUA-1471, Condition 28 to increase the Parent Company Guarantee issued by Barrick Gold Corporation from an amount no less than \$69,976,178 to an amount no less than \$83,455,824. After a review of the licensee's request, the NRC staff determined that the enclosed additional information request is necessary to complete its review.

In accordance with Title 10 of the *Code of Federal Regulations (10 CFR)*, Part 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 Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

¹ Agencywide Documents Access and Management System (ADAMS) Package Accession No. ML18141A408.

T. Wohlford

- 2 -

If you have any questions, please contact me at (301) 415-4090 or by e-mail to Jeffrey.White@nrc.gov.

Sincerely,

/RA/

Jeffrey A. Whited, Project Manager
Materials Decommissioning Branch
Division of Decommissioning, Uranium Recovery
and Waste Programs
Office of Nuclear Materials Safety
and Safeguards

Docket No. 040-08903
License No. SUA-1471

Enclosure:
NRC Request for Additional Information

cc: Distribution List

T. Wohlford

- 3 -

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION – NRC REVIEW OF
HOMESTAKE 2018 FINANCIAL SURETY LICENSE AMENDMENT
REQUEST DATE AUGUST 23, 2018

DISTRIBUTION: J. Katanic, RIV; R. Evans, RIV; S. Koenick, NMSS

ADAMS Accession No.: ML18215A460

| | | | | | | |
|--------|------------|------------|------------|------------|------------|------------|
| Office | NMSS/DUWP | NMSS/DUWP | NMSS/DUWP | NMSS/DUWP | NMSS/DUWP | NMSS/DUWP |
| Name | JWhited | CHolston | RAugustus | CMcKenney | SKoenick | JWhited |
| Date | 08/03/2018 | 08/07/2018 | 08/07/2018 | 08/08/2018 | 08/10/2018 | 08/23/2018 |

OFFICIAL RECORD COPY

**REQUEST FOR ADDITIONAL INFORMATION
HOMESTAKE MINING COMPANY OF CALIFORNIA
REVIEW OF 2018 FINANCIAL SURETY UPDATE**

Docket Number: 040-08903

License Number: SUA-1471

By letter dated May 14, 2018,¹ the Homestake Mining Company of California (HMC) submitted a license amendment application to the U.S. Nuclear Regulatory Commission (NRC) staff for review and approval. In its application, HMC is requesting that the staff amend Materials License Number SUA-1471, Condition 28 to increase the Parent Company Guarantee issued by Barrick Gold Corporation from an amount no less than \$69,976,178 to an amount no less than \$83,455,824.

After a review of the licensee's request, the NRC staff determined that the request for additional information (RAI) below is necessary to complete its detailed technical review.

RAI 1

Comment: HMC did not submit completed NRC Form 313 for the 2018 Financial Surety Update License Amendment Request.

Basis: Title 10 of the *Code of Federal Regulations* (10 CFR) Section 40.44, states:

Applications for amendment of a license shall be filed on NRC Form 313 in accordance with [10 CFR] 40.31 and shall specify the respects in which the licensee desires the license to be amended and the grounds for such amendment.

Path Forward: Please submit NRC Form 313 for the 2018 Financial Surety Update License Amendment Request as part of the HMC response to these RAIs.

RAI 2

Comment: As currently presented, the parent company guarantee (PCG) submission does not include off-balance sheet transactions in its computation demonstrating it meets the requirements for a PCG per 10 CFR Part 30, Appendix A, *Criteria relating to use of financial tests and Parent Company Guarantees for providing reasonable assurance of funds for decommissioning*, Criterion II.B.

¹ Agencywide Documents Access and Management System (ADAMS) Package Accession No. ML18141A408.

Enclosure

Basis for Request: Appendix A.II.B of 10 CFR Part 30 states, in part, that:

The parent company's independent certified public accountant must compare the data used by the parent company in the financial test, which is derived from the independently audited, year-end financial statements for the latest fiscal year, with the amounts in such financial statement. The accountant must evaluate the parent company's off-balance sheet transactions and provide an opinion on whether those transactions could materially adversely affect the parent company's ability to pay for decommissioning costs.

Path Forward: Staff requests that the licensee provide an accountant's special report as to whether Barrick Gold Corporation meets all the components of the PCG financial test in 10 CFR Part 30, Appendix A, after deducting out the aggregate amount of all off-balance sheet transactions from each numeric component of the financial test. As an example, the below referenced analysis was prepared by another licensee for the same requirement, and submitted for NRC review.

Letter Jim Pritchett, Honeywell, "Supplemental Information Related to the Alternate Financial Assurance and Final Financial Instruments, Honeywell Metropolis Works," September 9, 2014.²

Additional Notes

The licensee's 2018 annual financial surety cost estimate includes reclamation costs last developed by consulting firm MFG in 2003, adjusted annually based on the consumer price index (CPI).

10 CFR Part 40, Appendix A to Part 40, requires licensees to make adjustments to cost estimates. Specifically, licensees should adjust cost estimate amounts to account for any increases or decreases that result from, among other things, "actual remediation costs that exceed the previous cost estimate ... and any other conditions affecting costs."

Staff recommends that licensees, in addition to adjustments for inflation (CPI), re-baseline their cost estimates at least once every five years in order to account for significant changes to unit costs. Therefore, the staff requests that HMC provide a re-baselined cost estimate in its next annual (2019) surety submittal.

² ADAMS Accession No. ML14254A423.