



THE STATE OF WYOMING

MIKE SULLIVAN
GOVERNOR



Department of Environmental Quality

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July 8, 1987

Mr. Ronald Scroggins
Office of Administration and Resource Management
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Scroggins:

I am writing in regard to the attached invoices sent to our contractor, Altair Resources. Although the invoices are made out to Altair, as owner of the Bison Basin mine restoration and decontamination project, the State of Wyoming is ultimately responsible for payment of these, as well as any others that may be forthcoming.

Due to the longstanding working arrangement between DEQ and NRC, we do not feel either we or our contractor should be charged for the NRC licensing work on the Bison Basin project. On our receipt of the invoices, this matter was discussed by Rick Engelmann, of the Land Quality staff, with James Holloway, but no resolution of the issue was achieved. However, Mr. Holloway suggested we send a letter to you outlining our position on this matter.

Historically, both NRC and the State of Wyoming have required that bonds be posted for uranium mining projects. These bonds are designed to insure that there are adequate funds available for reclamation and decontamination if a uranium operator should go out of business. In order to eliminate "double bonding", NRC long ago agreed to rely on Wyoming's bond for uranium mining projects. This was true of Ogle Petroleum's Bison Basin mine. In 1980 Ogle Petroleum, Inc. (OPI) posted bond with the State of Wyoming, and NRC relied on that bonding arrangement to fulfill its own surety requirements for licensees.

As we are all painfully aware, the State of Wyoming, with NRC's backing, found it necessary to forfeit the Ogle Petroleum, Inc. bonds in 1985 because OPI abandoned its mine site. Wyoming found itself in possession of OPI's Bison Basin mine, and assumed the responsibility for reclaiming and decontaminating the facility. In early 1986, DEQ with the assistance of NRC, prepared bid specifications for reclamation and decontamination of the site, and put the project out for bid in the summer of that year. Wyoming's Attorney General also worked through this period to bring legal actions against OPI and its silent partner, Western Fuels, to obtain additional funding for the project. The project was awarded to Altair Resources in

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Mr. Ronald Scroggins
July 8, 1987
Page 2

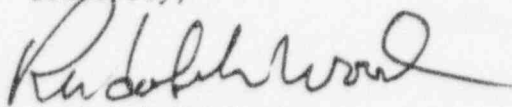
August, and additional funding was obtained from Western later in the fall. Since that time, our contractor has been active at the Bison Basin mine.

In all of the work outlined in the above paragraph, DEQ and NRC Denver personnel worked in a team effort on dealing with our joint problem. Considerable staff time and financial resources were committed by both agencies. Since OPI abandoned it, we estimate the Department alone has devoted \$35,000.00 of staff time, travel and miscellaneous expenses to the Bison Basin mine. This figure does not include our Attorney General's costs. Considering all of this, plus the fact that NRC would have had to do all of this administrative work had it not been for Wyoming's presence in the matter, I was very disappointed to see the attached invoices. I anticipate more billings will come, because at some point NRC personnel must inspect the reclamation project. Inspections, as I understand it, are normally charged to NRC licensees.

The State of Wyoming is responsible for payment of all such billings because all project bidders were told there would be no DEQ or NRC licensing fees assessed against the contractor; fees were just not in the public interest, as such assessments would only push up the bid prices and ultimate project cost to the State. Please understand, this statement to bidders was based on an admittedly informal understanding with the URFO, but at the time it seemed an entirely reasonable thing to do. You can therefore understand we feel the billings of Altair, with more anticipated to come, strike us as highly unreasonable.

With the above in mind, I am asking you to reconsider the situation and waive the charges against Altair. Please feel free to discuss this with me or Rick Engelmann, of the Land Quality Division staff.

Sincerely,



Randolph Wood
Director

RW:RE:klr

Enclosure

cc: Rick Engelmann
Mark Moxley
Linda Rusk
Ed Hawkins