



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

September 24, 1996

Mr. Joseph Virgona, Project Manager
U.S. Department of Energy
Grand Junction Project Office
2597 B 3/4 Road
Grand Junction, Colorado 81501

SUBJECT: ESTIMATE OF ANNUAL LONG-TERM SURVEILLANCE COSTS FOR UMTRCA TITLE II
URANIUM MILL SITES

Dear Mr. Virgona:

In its report entitled, "Uranium Mill Tailings: Cleanup Continues, But Future Costs Are Uncertain," the U.S. General Accounting Office (GAO) recommended that the U.S. Nuclear Regulatory Commission consult with the U.S. Department of Energy (DOE) to develop an accurate estimate of costs for long-term maintenance and monitoring of uranium mill tailings sites. The GAO further recommended that the NRC use the accurate costs to (1) update the minimum one-time charge for basic long-term site surveillance, and (2) determine whether routine maintenance will be required at each site, and if so, incorporate those costs into the minimum charge.

In response to the GAO's recommendations, the NRC and DOE staffs have taken a number of actions to help ensure that both agencies are working together. These actions have included: (1) preparation of a working protocol to ensure coordination in the license termination process for uranium mills currently under NRC license; (2) DOE participation in NRC site inspections; (3) DOE attendance at routine meetings between the NRC and the uranium recovery industry, and at site-specific licensing meetings; and (4) NRC and DOE consultation on DOE's preparation of Long-Term Surveillance Plans (LTSPs).

For its own part, the NRC staff has conducted an analysis to determine whether the minimum one-time charge needs to be updated. As part of this analysis, the staff completed an evaluation of the LTSP for Atlantic Richfield Company's (ARCO) Bluewater Mill site to determine an estimate of resources needed to fulfill the monitoring activities outlined in the LTSP. The ARCO Bluewater site was selected, in part, because it is one of the larger tailings impoundments and activities outlined in the LTSP should bound those expected at other sites. The resource estimate included that needed to conduct the preparation, inspection, and follow-up activities for an annual site inspection.

The NRC staff found that the annual cost of conducting routine long-term surveillance at uranium mill sites should range from \$4,640 to \$8,120 per site per year, using the current NRC hourly rate for inspections of \$116 per hour. These estimates include travel, on-site inspection time, preparation time, and inspection report preparation time. Initially, the costs are at the higher end of the range, because an inspector would not be familiar with a given site, and thus more time would be required for preparation and report writing.

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J. Virgona

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Once an inspector is familiar with the site, efficiencies would be gained and the costs should decline.

The NRC staff understands that DOE has also examined its anticipated costs in conducting annual site surveillance inspections. In doing so, DOE has drawn on its experience in inspecting Uranium Mill Tailings Radiation Control Act (UMTRCA) Title I sites. It is the NRC staff's understanding that DOE's estimate is in the range of \$8,500 per site per year, which compares favorably with the NRC staff's own estimate.

Based on the results of the NRC's and DOE's cost estimate analyses and the ongoing interactions between the two agencies, the NRC staff considers that substantial progress has been made in addressing the GAO's recommendations. The NRC staff looks forward to continuing its consultations with DOE in arriving at an accurate estimate of costs for long-term maintenance and monitoring of uranium mill tailings sites.

If you have any questions about this letter, please contact Mr. James Park of my staff. He can be reached at (301) 415-6699.

Sincerely,

/s/ Daniel Gillen For J. Holonich

Joseph J. Holonich, Chief
Uranium Recovery Branch
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