



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

November 21, 1996

40-8904

Mr. David B. Crouch
Director of Environment Quality
Sohio Western Mining Company
PO Box 11248
Salt Lake City, Utah 84147

SUBJECT: REVIEW OF ANNUAL SURETY UPDATE, AMENDMENT 26

Dear Mr. Crouch:

The U.S. Nuclear Regulatory Commission staff has completed its review of Sohio Western Mining Company's annual surety update for the L-Bar facility as submitted in your letter of September 21, 1996. The staff finds the proposed surety increase of 2.95%, to account for inflation from July 1995 to July 1996, to be appropriate.

Therefore, based on the staff's review, Source Material License SUA-1472 will be amended by revising License Condition 25. A copy of the staff's Technical Evaluation Report for this action is Enclosure 1. All other conditions of this license shall remain the same. The license is being reissued to incorporate the above modification (Enclosure 2). An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22(c)(10).

In a recent review of surety instruments for NRC uranium recovery licensees, the staff identified a missing addendum to the L-Bar Standby Letter of Credit. In order to bring the L-Bar surety file up to date, following receipt of this letter, L-Bar has committed to replace all previous letters of credit (original and amendments to Standby Letter of Credit S-06516-00042) with a new Letter of Credit to cover the full amount of \$2,355,876.00. The new Letter of Credit should be sent by overnight mail to the Chief, Uranium Recovery Projects Branch, Division of Waste Management, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, 11555 Rockville Pike, Rockville, MD 20852-2738, and transmitted by a cover letter indicating the name, docket number, and source material license number for your facility.

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TECHNICAL EVALUATION REPORT

DATE: November 19, 1996

DOCKET NO. 40-8904 LICENSE NO. SUA-1472

LICENSEE: Sohio Western Mining Company

FACILITY: L-Bar

PROJECT MANAGER: Charlotte Abrams

TECHNICAL REVIEWER: Richard Turtill

SUMMARY AND CONCLUSIONS:

The licensee provided the annual surety update by a letter of September 21, 1996. The proposed surety amount is \$2,355,876. This amount increases the previous surety amount of \$2,288,369 by 2.95% to account for inflationary increases from July 1995 to July 1996. The proposed amount was reviewed and found to be acceptable.

DESCRIPTION OF LICENSEE'S AMENDMENT REQUEST:

The Licensee proposed a surety amount of \$2,355,876. The proposed amount is based on the former amount of \$2,288,369, increased by 2.95% to represent inflationary increases from July 1995 to July 1996. The proposed increase is based on the Consumer Price Index (CPI) for all Urban Consumers which was 152.5 in July 1995 and 157.0 in July of 1996.

The licensee submitted all the appropriate documentation and no other changes to the license were requested.

TECHNICAL EVALUATION:

The requested surety was evaluated against the CPI for all Urban Consumers (U.S. City Average) and found to be acceptable.

RECOMMENDED LICENSE CHANGE:

Pursuant to Title 10 of the Code of Federal Regulations, Part 40, Source Material License SUA-1472 is amended by revising License Condition No. 25 as follows:

25. The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10, adequate to cover the estimated costs, if accomplished by a third party, for reclamation of any tailings or waste disposal area, groundwater restoration as warranted, and the long-term surveillance fee.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criteria 9 and 10, shall be submitted to the NRC at least 3 months prior to the anniversary date which is designated as December 30 of each year. If the NRC has not approved a proposed revision to the surety coverage 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing surety arrangement for 1 year. Along with each proposed revision or annual update, the licensee shall submit supporting documentation showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency fee, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure. The basis for the cost estimate is the NRC-approved reclamation plan or NRC-approved revisions to the plan. The report, "Recommended Outline for Site Specific Reclamation and Stabilization Cost Estimates," outlines the minimum considerations used by the NRC in the review of site closure cost estimates. Reclamation plans and annual updates should follow this outline.

The licensee's currently approved financial surety, Irrevocable Standby Letter of Credit No. S-06516-00042 issued by First Security Bank of Utah, N.A., in favor of the NRC, shall be continuously maintained in an amount not less than \$2,355,876 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by the NRC.

[Applicable Amendments: 14, 16, 20, 23, 24, 25, 26]

ENVIRONMENTAL IMPACT EVALUATION:

An environmental review was not performed since this action is categorically excluded under 10 CFR 51.22(c)(10).

If you have any questions regarding this letter or the enclosures, please contact the NRC Project Manager, Ms. Charlotte Abrams, at (301) 415-5808.

Sincerely,

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Joseph J. Holonich, Chief
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety
and Safeguards

Docket No.: 40-8904
License SUA-1472

Enclosures: As stated

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