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Docket File No. 40-6659  
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40-6659/HDR/88/01/19/1

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URFO: HDR  
 Docket No. 40-6659  
 SUA-551, Amendment No. 24  
 04006659570E

MEMORANDUM FOR: Docket File No. 40-6659

FROM: Howard D. Rose, Project Manager  
 Licensing Branch 2  
 Uranium Recovery Field Office, Region IV

SUBJECT: PETROTOMICS SURETY REVIEW AND AMENDMENT NO. 24

On June 24, 1987, Petrotomics revised their cost estimate for reclamation activity at the Shirley Basin facility. This update revised costs based on work accomplished, the addition of the long-term surveillance fee, and unit costs from existing contracts. The updates resulted in an increase from the \$1,505,398 figure approved on May 14, 1986 to a proposed \$1,848,455. A detailed review of costs was postponed due to the fact that a new reclamation plan was under review. The NRC is currently reviewing Petrotomics' proposed reclamation plan which could significantly impact the reclamation cost estimate. Although the reclamation plan review is pending, License Condition No. 23 reflects an outdated estimate and surety condition. NRC staff reviewed the proposed update and agreed with the WDEQ approval granted on May 8, 1987 and January 29, 1988.

Ron Juday of Petrotomics indicated that Petrotomics is currently in the process of revising their estimate to reflect recent accomplishments on the reclamation plan. This revision will be submitted to WDEQ and the NRC by July 1, 1988. Depending on the status of the reclamation plan review at that time, NRC will evaluate the revisions and establish a new estimate. Steve Pfaff of Petrotomics noted that within the next few months Petrotomics would prepare a letter of credit issued directly to the NRC. The staff will provide suggested format for the letter of credit under separate cover. The staff recommends that Source Material License SUA-551 be amended to revise the minimum surety covered, the

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approved surety instrument and the language of the surety condition emphasizing Petrotomics' responsibilities under Criteria 9 and 10 by modifying License Condition No. 23 to read as follows:

23. 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 decommissioning and decontamination of the mill and mill site, for reclamation of any tailings or waste disposal areas, ground water restoration as warranted and the long-term surveillance fee. Within three (3) months of NRC approval of a revised reclamation/decommissioning plan, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly approved plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within three (3) months of written NRC approval. 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 three (3) months prior to the anniversary of the effective date of the existing surety instrument. 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 one 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 licensee shall also provide the NRC with all surety related correspondence submitted to the State, a copy of the State's surety review and the final approved surety arrangement, if applicable. The licensee shall also ensure that the surety, where authorized to be held by the State, expressly identifies the NRC portion of the surety and covers the decommissioning and decontamination of the mill and mill site, reclamation of the tailings and waste disposal areas, soil and water sample analyses to confirm decontamination, ground water restoration as warranted and the transfer of the long-term surveillance fee to the U.S. General

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Treasury. The basis for the cost estimate is the NRC approved reclamation/decommissioning plan or NRC approved revisions to the plan. Attachment 3 outlines the minimum considerations used by the NRC in the review of site closure estimates. Reclamation/decommissioning plans and annual updates should follow this outline.

Petrotomics' currently approved surety instrument, Irrevocable Letters of Credit Nos. I-40216 for \$1,505,398 and I-39353 for \$343,057, issued by the First Interstate Bank of California, in favor of the Wyoming DEQ, shall be continuously maintained in an amount no less than \$1,848,455 for the purpose of complying with 10 CFR 40, Appendix A, Criteria 9 and 10, until a replacement is authorized by both the State of Wyoming and the NRC. For the purposes of NRC's annual review, Petrotomics' anniversary date is designated as October 1 of each successive year.

This amendment has been discussed with Steve Pfaff, Ron Juday, and Miles Bennett of Petrotomics.

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Howard D. Rose, Project Manager  
Licensing Branch 2  
Uranium Recovery Field Office  
Region IV

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Approved by:

Harry J. Pettengill, Chief  
Licensing Branch 2  
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Region IV

Case Closed: 04006659570E

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