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EST. 1908

RETIRED
DONN BENNETT

RECEIVED
AUG 12 2013
MINERALS & MINING PROGRAM

August 8, 2013

Mike Cepak
Minerals & Mining Program - DENR
Foss Building
523 E. Capitol Ave.
Pierre, SD 57501-3182

RE: Powertech Large Scale Mine Permit - Discovery Responses.

Dear Mike:

As I stated in my letter of August 5, I am enclosing the original of POWERTECH'S ANSWERS TO SABRINA KING'S INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS with the original signature page.

Thank you.

Sincerely,

BENNETT, MAIN & GUBBRUD, P.C.

Max Main

MM/ra
Enc.

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
BOARD OF MINERALS AND ENVIRONMENT

IN THE MATTER OF THE LARGE SCALE MINE PERMIT APPLICATION OF POWERTECH (USA) INC.	**POWERTECH'S ANSWERS TO SABRINA KING'S INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS**

INTERROGATORY NO. 1: Please identify the person or persons providing each answer to an Interrogatory or portion thereof, giving the full name, address of present residence, date of birth, business address and occupation.

ANSWER: The following individuals collectively prepared answers to these interrogatories.

John Mays
Vice President - Engineering
Powertech (USA) Inc.
5575 DTC Parkway, Suite #140
Greenwood Village, CO 80111
(303) 790-7528

Jack Fritz
Senior Environmental Engineer
WWC Engineering
1849 Terra Avenue
Sheridan, WY 82801
(307) 672-0761

Doyl Fritz
Senior Technical Advisor
WWC Engineering
1849 Terra Avenue
Sheridan, WY 82801
(307) 672-0761

INTERROGATORY NO. 2: Prior to answering these interrogatories, have you made due and diligent search of all books, records, and papers of the Applicant with the view of eliciting all information available in this action?

ANSWER: Yes.

INTERROGATORY NO. 3: What is the estimated total cost of reclamation for the entire Dewey-Burdock Project based on 2013 costs?

ANSWER: Table 1 presents a preliminary estimate of the total cost of reclamation for the Dewey-Burdock Project based on information contained in the April 2012 preliminary economic assessment (PEA) prepared by SRK Consulting (U.S.), Inc. (SRK, 2012). This preliminary estimate is approximately $27.1 million. The actual total reclamation cost will depend on a number of factors, including the number and size of ISR well fields that are developed and the method of wastewater disposal (i.e., deep disposal wells and/or land application). The initial, detailed financial assurance cost estimate is presented in Appendix 6.7-A in the LSM permit application. From the initiation of construction through the first year of operation, Powertech estimates the financial assurance amount to be approximately $8.0 million for the deep disposal well option and $9.1 million for the land application option. This estimate will be updated in accordance with NRC license requirements (NRC, 2013a). Specifically, an updated financial assurance estimate must be provided to NRC within 90 days of NRC license issuance, the financial assurance instrument must be in place at least 90 days prior to commencing operations, and it must be updated annually. Annual updates will be based on planned construction activities during the next year, status of operation/groundwater restoration in each well field, and completion of reclamation activities.

Table 1: Preliminary Total Reclamation Cost Estimate

Item	**Estimated Cost ($ thousands)**
Groundwater restoration	8,255
Decommissioning	9,168
Central Processing plant operations during reclamation	2,083
Site management (including labor)	3,108
Subtotal	22,614
Contingency (20 percent)	4,523
Total	**27,137**

Source: SRK (2012)

In the Dewey-Burdock Project Safety Evaluation Report (SER), the NRC staff summarizes its review of the initial financial assurance estimate as follows (NRC, 2013b, p. 198):

> "Based on the information provided in the application and the staff's review of the decommissioning cost estimate for the Dewey-Burdock Project, the staff concludes the amount of the proposed financial assurance and its methods of estimation are acceptable and consistent with 10 CFR Part 40, Appendix A, Criterion 9, which requires that financial assurance arrangements be established by each operator. Maintaining adequate financial assurance is an important aspect of facility operations; therefore, compliance with the applicable regulations will be required through a standard license condition presented in SER Appendix A."

Powertech also notes that the NRC provided an estimate of the total cost of reclamation of approximately $56 to $64 million (NRC, 2013b, p. 196). This is a very preliminary estimate, which Powertech believes may have been calculated by multiplying Powertech's initial financial assurance estimate of approximately $8.0 to $9.1 million by a factor of 7, which is approximately the ratio of the total estimated recoverable uranium (7.6 million pounds in the Draft SEIS (NRC, 2012) based on an outdated estimate in the NRC license application (Powertech, 2009); the updated recoverable resource estimate is 8.4 million pounds in the PEA) to the amount assumed in the initial financial assurance estimate to be recovered during the first year of operations (1 million pounds; see Appendix 6.7-A in the LSM permit application). Such a calculation method would result in an unreasonably high estimate, since it would include the cost for decommissioning the ponds, processing facilities and waste disposal systems multiple times over. In practice, the financial assurance amount will never be this large because during annual updates increases for work in the succeeding year will be offset by credits for reclamation work completed in the previous year. The PEA estimate described above is considered to be the best current estimate of the total reclamation cost but is subject to change as previously noted.

REFERENCES

NRC, 2013a, Draft Source and Byproduct Materials License SUA-1600 for the Dewey-Burdock Project, March 4, 2013. Available from the NRC ADAMS document server as of 15 April 2013: http://pbadupws.nrc.gov/docs/ML1305/ML13052A777.pdf.

_____, 2013b, Safety Evaluation Report for the Dewey-Burdock Project, Fall River and Custer Counties, South Dakota, Material License No. SUA-1600, Docket No. 40-9075, March 2013. Available from the NRC ADAMS document server as of 17 April 2013: http://pbadupws.nrc.gov/docs/ML1305/ML13052A182.pdf.

_____, 2012, Environmental Impact Statement for the Dewey-Burdock Project in Custer and Fall River Counties, South Dakota, Supplement to the Generic Environmental Impact Statement for *In-Situ* Leach Uranium Milling Facilities, NUREG-1910, Supplement 4, Vol. 1, Draft Report for Comment, November 2012 (2 volumes). Available on the Internet as of 16 April 2013: http://www.nrc.gov/materials/uranium-recovery/license-apps/dewey-burdock/dewey-burdock-app-docs.html.

Powertech, 2009, Dewey-Burdock Project, Application for NRC Uranium Recovery License, Fall River and Custer Counties, South Dakota, Docket No. 040-09075, August 2009. Available from the NRC ADAMS document server as of 12 July 2013 under ML092870160: http://pbadupws.nrc.gov/docs/ML0928/ML092870160.html.

SRK Consulting (U.S.), Inc., 2012, NI 43-101 Technical Report, Preliminary Economic Assessment, Dewey-Burdock Project, April 17, 2012. Available from the Internet as of 15 April 2013: http://www.powertechuranium.com/i/pdf/Dewey_Burdock_PEA_2012.pdf.

----------SEE SEPARATE SIGNATURE PAGE ----------

Dated this 5th day of August, 2013.

POWERTECH (USA) INC.

By: _____
RICHARD F. CLEMENT, JR.
Its: President

STATE OF New Mexico)
) **SS.**
County of Bernalillo)

RICHARD F. CLEMENT, JR., in his capacity as President of Powertech (USA) Inc., being duly sworn, verifies the Responses contained in the foregoing **POWERTECH'S ANSWERS TO SABRINA KING'S INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS** are true to the best of his knowledge and belief.

_____
RICHARD F. CLEMENT, JR.

Subscribed and sworn to before me on August 5, , 2013.

_____
Notary Public

My commission expires: 2/4/2014

(Seal)

OFFICIAL SEAL
HOBERT BAUGHMAN
NOTARY PUBLIC-State of New Mexico
My Commission Expires 2/4/2014

FOR PURPOSES OF ALL OBJECTIONS:

Dated Aug 5, , 2013.

BENNETT, MAIN & GUBBRUD, P.C.
Attorneys for Powertech (USA) Inc.

By _____
Max Main
618 State Street
Belle Fourche, SD 57717-1489
(605) 892.2011