

Financial Security:  
Three Texas Case Studies  
or  
The Great Texas Security  
Chase

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# Case 1: The Case of the Missing Management

In Situ Uranium Company in Decommissioning

Type of Security: Trust

Initial Amount: \$17 million for closure of  
two sites



# Case 1: The Case of the Missing Management

## Status:

- Groundwater restored
- Wells plugged and abandoned
- Surface reclamation not complete
- \$1.2 million left in trust





















# Case 1: The Case of the Missing Management

## Summary of Activities and Issues

- Company has no assets other than trust
- Company B agreed to decommission site for remainder of trust after decommissioning
- 1999 – Letter stating that sites are clean; confirmation surveys showed excess contamination
- NORM (mine waste) vs. 5/15 pCi/g Ra standard
- Possible inappropriate use of trust funds
- TDH audit of past expenditures, refusal to reimburse until additional progress made





# Case 1: The Case of the Missing Management

## Summary of Activities and Issues (Cont'd)

- TDH can call in financial security if site is “abandoned”
- Company requested Trustee to release funds -- “No”
- TDH asked Trustee to release funds to TDH, since agency considered site abandoned -- “No”
- TDH asked assistance from Attorney General’s Office



# Case 1: The Case of the Missing Management

## Recent Developments

- August 2000 – New attorney, new proposal to TDH:
  - TDH releases approximately 1/3 of remaining trust
  - Company B performs reclamation on behalf of company
  - Work plan cost estimates of company not consistent with TDH estimates
- TDH referred matter to State's Attorney General's Office for action



## Case Study 2: The Case of the Faltering Finances

In situ uranium recovery company near bankruptcy

Financial security: Bonds with guaranty company

Total amount: \$6.064 million

Bonds held by two agencies:

- TDH – Groundwater restoration and surface reclamation
- TNRCC – Plugging and abandonment funds primarily









## Case Study 2: The Case of the Faltering Finances

### Proposal

#### 18-month Agreement

- Uranium Company
- Bonding Company
- TDH
- TNRCC

- Bonding company releases collateral back to company
- Bond reduction each quarter as groundwater restoration proceeds
- Approved restoration budget
- Additional investments for other company operations
- Status of company and U industry to be reviewed after 18 months





## Case Study 2: The Case of the Faltering Finances

### Advantages

- Company can accomplish restoration more economically
- Company may avoid bankruptcy
- Restoration proceeds more rapidly

### Disadvantages

- Concerns of local activist groups and County Commissioners
- Risk of reducing financial security
- Unknown future

## Case Study 2: The Case of the Faltering Finances

### Update

- Agreement signed by TDH and TNRCC on 9-15-00, all language agreed to 9-28-00
- Local TNRCC inspector to inspect restoration activities regularly
- Bond reduction letter for first quarter



# Case Study 3: The Case of the Reluctant Remittance

Waste processing license

Source manufacturing license

Type and amount of current security:

Bond: \$133,518

Decommissioning funding plan estimate

(licensee): 1) None                                  2) \$165,777

3) \$304,632                                  4) \$436,347

Cost estimate (TDH): \$17,744,467





# Case Study 3: The Case of the Reluctant Remittance

## History

- Financial security required for waste licenses since 1983
- Waste license condition required \$225,000 in 1990
- New financial security rules in effect January 1995 for licensees
- Waste license under timely renewal

## Case Study 3: The Case of the Reluctant Remittance

### **History** (cont'd)

- NOV 10/1/96 for failure to have required amount of financial security and site decommissioning plan
- Company stated they had provided financial assurance and decommissioning plan
- Letter sent from agency regarding requirements for financial security for manufacturing license



## Case Study 3: The Case of the Reluctant Remittance

### **History** (cont'd)

- Additional NOV's for both licenses – escalations of severity level
- Meeting at facility to discuss requirements for financial security
- Revised Decommissioning Funding Plan
- Agency found Decommissioning Funding Plan inadequate
  - Based on material possessed, not authorized
  - Hourly labor rates underestimated



## Case Study 3: The Case of the Reluctant Remittance

### **History** (cond't)

- No submissions of additional financial security
- Referred to Attorney General's Office 12/98
- Meeting with licensee 2/99; tiered approach suggested to licensee
- Letter prepared to licensee with Agency's estimate, intent to propose to deny waste license renewal and modify manufacturing license 9/00





# Case Study 3: The Case of the Reluctant Remittance

## Primary Issues

- Resolution of disputes on funding amounts
- Assumptions for decommissioning funding plan
  - Disposal of GTCC waste
  - Authorized material vs. normal possession
  - Accounting for atomic number 3-83 authorization
- Training in cost estimates

