



**GE Corporate  
Environmental Programs**

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US Nuclear Regulatory Commission  
Thomas H. Essig, Chief  
Uranium Recovery Branch  
Division of Waste Management  
Office of Nuclear Material Safety and Safeguards  
Mail Stop T-7J9  
Washington, D.C. 20555

40-8907

**Subject: Church Rock Financial Surety Requirement  
Source Materials License SUA-1475**

Dear Mr. Stablein:

I am writing on behalf of United Nuclear Corporation, holder of source materials license SUA-1475. License condition No. 25 requires that United Nuclear Corporation provide an annual update of the surety amount, and maintain an NRC approved surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10. This letter transmits the annual update as Attachment 1. It is recommended that the surety amount be decreased from \$1,772,728 to \$1,468,787.

The surety arrangement was changed by United Nuclear Corporation in 1998 from a parent company guarantee from UNC Incorporated to a surety bond with a standby trust. On January 22, 1999 we learned that the bond was to be canceled by the provider (Federal Insurance Company) effective April 6, 1999. We transferred the bond to another provider (American Home Assurance Company), and will renew it for the term April 6, 2000 to April 6, 2001. Documentation that a surety bond had been executed was provided in my correspondence dated April 5, 1999.

As of September 1997 United Nuclear Corporation became a wholly-owned, indirect subsidiary of General Electric Company. GE Corporate Environmental Programs has been retained through a separate administrative services agreement to assist United Nuclear both technically and administratively with environmental issues at the Church Rock site. Please contact me if you have any questions.

Sincerely,

Roy S. Blickwedel  
Remedial Project Manager

cc: Stephen Cline, GE  
Ken Hooks, NRC (via fax)  
NRC Region IV

NMSSOI Public



**ATTACHMENT 1  
PROPOSED SURETY CALCULATION**

Evaporation pond decommissioning	\$356,384
Well plugging	\$20,000
Construction supervision	\$80,800
Seepage cleanup	\$265,000
 Total Direct Reclamation Cost	 \$722,184
Inflation 3.06%)	\$22,099
 Contingency (15%)	 \$108,328
 Long-term surveillance (\$597,881 from 1999 adjusted @ 3.06% inflation)	 \$616,176
 TOTAL SURETY	 \$1,468,787

**NOTES:**

1. The evaporation pond decommissioning costs have increased from \$269,930 in 1998 to \$356,384 reflecting a current 1999 cost estimate prepared by UNC on 3/17/99.
2. Well plugging costs have decreased from \$300,000 in 1999 to \$20,000 with the abandonment of 183 wells in 1999.
3. Construction supervision is unchanged from the 1999 value.
4. The consumer price index has increased 3.06% between February 1999 through February 2000.
5. Seepage cleanup estimates have decreased from \$280,000 in 1999 to \$265,000. The \$265,000 figure represents UNC's 2000 budget for this task and is set conservatively higher than actual expenditures, which were \$255,316 in 1999.