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NRC STAFF ORDERS UNITED NUCLEAR CORPORATION TO USE \$16.4 MILLION
OF \$67.5 MILLION JUDGMENT FOR CHURCH ROCK RECLAMATION FUND

The Nuclear Regulatory Commission staff has ordered United Nuclear Corporation -- which recently received a \$67.5 million judgment in the U. S. Claims Court -- to set aside \$16,392,000 of that amount in a fund to assure the reclamation of the Church Rock Mill tailings site near Gallup, New Mexico.

Although the order, issued January 13, is immediately effective, and its terms must now be complied with, United Nuclear has 20 days to respond to it and during that time may ask for a hearing.

The Church Rock site is located 17 miles northeast of Gallup in McKinley County, New Mexico. It consists of an inactive uranium mill complex and a disposal area with about 3.5 million tons of mill tailings. These tailings contain natural uranium at levels which require reclamation before the site can be released from regulatory control. NRC approved the company's tailings area reclamation plan in March 1991.

The agency staff has calculated that a surety amount of \$16,392,000 would be acceptable to meet NRC requirements for financial arrangements to assure that decontamination, decommissioning and reclamation can be accomplished. It arrived at this amount using estimated costs for reclamation furnished by United Nuclear along with escalation factors for inflation. United Nuclear has taken issue with this estimate and has asserted that it was unable to obtain a surety in the form of a bond, letter of credit or cash deposit.

NRC recently learned that the U. S. Claims Court on December 18 awarded United Nuclear a \$67.5 million judgment in a lawsuit between the company and the U. S. Department of the Interior. The NRC staff order says this settlement "provides a clear opportunity for [United Nuclear] to overcome whatever obstacles may have prevented, or made difficult," its compliance with NRC surety requirements.

It further says NRC is requiring that part of the settlement funds be used for this purpose "as an interim step to satisfy the Commission's financial assurance requirements for decommissioning and decontamination of uranium mills."

The order requires that United Nuclear:

(1) Immediately deposit \$16,392,000 of the \$67.5 million judgment in a separate account once the government transfers the funds to the company's bank.

(2) Establish within 20 days an escrow account in the amount of \$16,392,000 in the form of cash deposits, certificates of deposit, deposits of government securities, or combinations thereof. Funds are to be withdrawn only with written NRC approval.

(3) Submit a copy of the escrow account agreement to the director of the NRC Office of Enforcement within 30 days of the order.

On January 15, United Nuclear filed a lawsuit in U. S. District Court in Washington, D. C., challenging the order.

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