

# UNITED NUCLEAR CORPORATION



P.O. Box 3077  
Gallup, New Mexico 87305-3077

Telephone: (505) 722-6651  
Fax: (505) 722-6654

April 18, 2000

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

40-8907

Re: Reclamation Bond [REDACTED] in compliance with Source Material License  
#SUA-1475.

Dear Mr. Essig:

Please find attached the Performance Bond as required by 10 CFR 40, Appendix A, Criteria 9 and 10, in compliance with Condition 25 of Source Material License #SUA-1475.

The surety provider is Federal Insurance Company, not American Home Assurance Company of New York. Federal Insurance Company had previously provided a surety bond, in 1998, and is not unknown to the US Nuclear Regulatory Commission.

Respectfully,

A handwritten signature in black ink, appearing to read "Larry Bush".

Larry Bush  
President, UNC

NM5501  
public

\* Replaces Bond No. [REDACTED]

**PERFORMANCE BOND**

Date bond executed: March 29, 2000

Effective date: April 6, 2000

Principal: United Nuclear Corporation  
P.O. Box 3077  
Gallup, NM 87305-3077

Type of organization: Corporation

State of incorporation: Delaware

Surety: Federal Insurance Company  
15 Mountain View Road  
Warren, NJ 07061

NRC Source Material  
License Number, name,  
address, and reclamation,  
decommissioning,  
stabilization, and long-term  
surveillance and control  
amount(s) for each uranium  
recovery facility guaranteed  
by this bond:

Source Material License Number - SUA - 1475

Church Rock Uranium Mill

Total penal sum of bond: \$1,772,728.00

Surety's bond number: [REDACTED]

KNOW ALL PERSONS BY THESE PRESENT, THAT WE, the Principal and Surety hereto are firmly bound to the U.S. Nuclear Regulatory Commission (hereinafter called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally.

WHEREAS, the NRC, an agency of the United States Government, pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, and the Uranium Mill Tailings Radiation Control Act of 1978, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40, Appendix A, Criteria 9 and 10. These regulations, applicable to the Principal, require that a licensee of a

uranium recovery facility shall provide assurance that funds will be available when needed in accordance with the approved Reclamation and Decommissioning Plan and also for the long-term surveillance and control of the uranium recovery facility.

WHEREAS, said Principal is required under these regulations, to have license in order to own or operate each uranium recovery facility identified above, and

WHEREAS, said Principal is required to provide financial assurance for decommissioning, reclamation and long-term surveillance and control as a condition of the license, and

WHEREAS, said Principal shall establish a standby trust fund when a surety bond is used to provide such financial assurance;

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully perform reclamation and decommissioning and make arrangements to transfer funds for long-term surveillance and control to an approved regulatory authority, whenever required to do so, of each uranium recovery facility for which this bond guarantees reclamation and decommissioning in accordance with license conditions, pursuant to all applicable laws, statutes, rules and regulations, as such laws, statutes, rules, and regulations may be amended;

OR, if the Principal shall provide alternate financial assurance, and obtain the NRC's written approval of such assurance, within 30 days after the date notice of cancellation is received by both the Principal and the NRC from the Surety, then this obligation shall be null and void, otherwise it is to remain in full force and effect.

THE SURETY shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above.

UPON NOTIFICATION BY NRC that the Principal has been found in violation of the license conditions of 10 CFR Part 40, Appendix A, for a uranium recovery facility for which this bond guarantees performance of reclamation, decommissioning, and long-term surveillance and control, the Surety or its agents shall either perform in accordance with license requirements, or place the amount guaranteed for the uranium recovery facility into the standby trust fund, as directed by the NRC.

UPON NOTIFICATION BY THE NRC that the Principal has failed to provide alternate financial assurance and obtain written approval of such assurance from the NRC during the 90 days following receipt by both the Principal and the NRC of a notice of cancellation of the bond, the Surety shall place funds in the amount guaranteed for the uranium recovery facility (ies) into the standby trust fund, as directed by NRC.

The Surety hereby waives notification of amendments to decommissioning and reclamation plans, permits, applicable laws, statutes, rules, and regulations and agrees that no such amendment shall in any way alleviate its obligation on this bond.

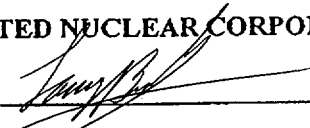
The liability of the Surety shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety hereunder exceed the amount of said penal sum.

The Surety may cancel the bond by sending notice of cancellation by certified mail to the uranium recovery licensee and to the NRC, provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety, provided however, that no such notice shall become effective until the Surety receives written authorization for termination of the bond from the NRC.

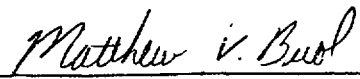
The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety.

**UNITED NUCLEAR CORPORATION**

By:   
President (CORPORATE SEAL)

Corporate Surety  
Federal Insurance Company  
15 Mountain View Road  
Warren, NJ 07061

State of Incorporation: IN

By:   
Matthew V. Buol (CORPORATE SEAL)  
Attorney-in-fact

Bond premium: \$2,216.00



POWER OF ATTORNEY

Federal Insurance Company  
Vigilant Insurance Company  
Pacific Indemnity Company

Attn.: Surety Department  
15 Mountain View Road  
Warren, NJ 07059

Know All by These Presents, That FEDERAL INSURANCE COMPANY, an Indiana corporation, VIGILANT INSURANCE COMPANY, a New York corporation, and PACIFIC INDEMNITY COMPANY, a Wisconsin corporation, do each hereby constitute and appoint Brenda D. Hockberger, Ann Formhals, Donna Wright, Kristan Retusnic, William Reidinger, Diane M. O'Leary, Garry L. Wesselink, Debra Kohlman, Marlise Jahnke, Matthew V. Buol and Karen E. Bogard of Chicago, Illinois

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY have each executed and attested these presents and affixed their corporate seals on this 28th day of September, 1999

*Sheryl B. Roberts*  
Sheryl B. Roberts, Assistant Secretary

*Frank E. Robertson*  
Frank E. Robertson, Vice President

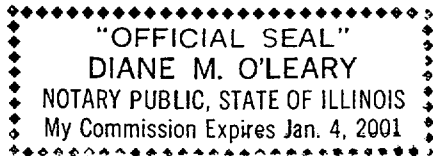
STATE OF NEW JERSEY }  
County of Somerset }

On this 28th day of September, 1999, before me, a Notary Public of New Jersey, personally came Sheryl B. Roberts, to me known to be Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY, the companies which executed the foregoing Power of Attorney, and the said Sheryl B. Roberts being by me duly sworn, did depose and say that she is Assistant Secretary of FEDERAL INSURANCE COMPANY, VIGILANT INSURANCE COMPANY, and PACIFIC INDEMNITY COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By-Laws of said Companies; and that she signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that she is acquainted with Frank E. Robertson, and knows him to be Vice President of said Companies; and that the signature of Frank E. Robertson, subscribed to said Power of Attorney is in the genuine handwriting of Frank E. Robertson, and was thereto subscribed by authority of said By-Laws and in deponent's presence.

STATE OF ILLINOIS  
COUNTY OF COOK

On this 29th day of March, 2000, before me personally appeared Matthew V. Buol, known to me to be the Attorney-in-Fact of Federal Insurance Company, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid county, the day and year in this certificate first written above.



*Diane M. O'Leary*  
(Notary Public)



*Sheryl B. Roberts*  
Sheryl B. Roberts, Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903-3485 Fax (908) 903-3656 e-mail: surety@chubb.com