

UNITED NUCLEAR CORPORATION



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October 24, 2001

Melvyn N. Leach, Chief
US Nuclear Regulatory Commission
Fuel Cycle Safety & Safeguards
Fuel Cycle Licensing Branch
Uranium Recovery Branch
Division of Waste Management
Office of Nuclear Material Safety
And Safeguards
Mail Stop T-8A33
Washington, DC 20555-0001

40-8907

Re: **License Amendment Request**
Financial Assurance
Source Material License SUA-1475

Dear Mr. Leach:

United Nuclear Corporation requests an Amendment to Source Material License SUA-1475, Condition 25, final paragraph. This request represents a revised text, which satisfies the original intent of the final paragraph in Condition 25. Both participants (USEPA and United Nuclear Corp.) are in agreement that this amendment will address their concerns and comply with the regulation pertaining to these situations.

EXISTING CONDITIONS

25.

(Final Paragraph)

The licensee shall also continuously maintain an irrevocable standby letter of credit in favor of the United States Environmental Protection Agency, in an amount no less than \$2,000,000, for the purpose of complying with 10 CFR 40, Appendix A, Criterion 9. The issuing institution shall be an entity which has the authority to issue such instruments and whose operations are regulated and examined by a Federal or State agency. The licensee shall inform the NRC of changes to this letter of credit within 30 days of any such change. The amount of this letter of credit shall not be reduced without prior NRC approval.

Nmss or Public



JUSTIFICATION

The United States Environmental Protection Agency conducted an audit of the existing bond maintained by United Nuclear Corporation. The United States Environmental Protection Agency determined the wording of conditions within the existing bonds were in conflict with the original intent of this requirement. Consultations between EPA Regional Counsel and the parent company of United Nuclear Corporation, GE Aircraft Engines, resulted in an agreement that is satisfactory to both parties and meets the intent of the original requirement. This proposed text change would allow United Nuclear to meet this financial responsibility through use of any one or more of the mechanisms set forth at 10 CFR 40 and 40 CFR, Part 264, including the financial test and parent company guarantee. Financial assurance will continue to be maintained in the amount of \$2 million.

PROPOSED AMENDMENT TEXT

25.

(Final Paragraph)

The licensee shall also continuously maintain financial assurance in favor of the United States Environmental Protection Agency, in an amount no less than \$2,000,000. Such financial assurance may be provided by one or more of the methods set forth at 10 CFR 40 and 40 CFR 264 Subpart H, including use of a Financial Test and Parent Company Guarantee. The licensee shall inform the NRC of any changes to financial assurance within 30 days of such change. The amount of this financial assurance shall not be reduced without prior NRC approval.

If you have any questions or if you have need of more information, please contact me.

Sincerely,



Larry J. Bush

Manager & Sr. Geologist
Church Rock Site



cc: File
Ken Hooks (3)
Steve Cline
Roy Blickwedel
Roger Florio