

March 19, 2003

Alexander Drilling
ATTN: Mr. Roy E. Alexander
P. O. Box 503709
Beach Road, San Jose
Saipan MP 96950

Dear Mr. Alexander:

I am responding to your February 25, 2003, letter concerning the assessment of the fiscal year (FY) 2003 annual fee (Invoice AM1834-03) for License 56-27734-01. You state that Alexander Drilling applied for a gauge license and remitted a \$1400 application fee. You asked that this fee be applied to your FY 2003 annual fee Invoice AM1834-03. Your correspondence also stated that the company has not generated any income. As explained below, the annual fee is due and payable.

The NRC assesses two types of fees. First, 10 CFR Part 170 application fees recover NRC's costs of providing individual services to identifiable recipients. (The \$1400 was collected under Part 170 requirements). Second, 10 CFR Part 171 annual fees are assessed to recover the generic and other regulatory costs not recovered through 10 CFR Part 170 fees.

As a holder of License 56-27739-01 issued December 18, 2002, Alexander Drilling is subject to the two types of fees described above. Invoice AM1834-03 is for the annual fee for your License 56-27739-01 which is required under 10 CFR Part 171 of the NRC's regulations. Annual fees are assessed based on whether a licensee holds a valid NRC license that authorizes possession and use of radioactive material. Whether or not a licensee is actually conducting operations using licensed material is a matter of licensee discretion. Accordingly, the annual fee assessed under Invoice AM1834-03 is due and payable.

As provided in 10 CFR 171.17, new licenses issued during October 1 through March 31 of the fiscal year are assessed one-half of the annual fee for the fiscal year. Since License 56-27739-01 was issued December 18, 2002, Invoice AM1834-03 reflects the 50 percent prorated annual fee for FY 2003. In order to avoid future annual fees, you would need to request termination of License 56-27739-01 by March 31, 2003.

I am enclosing NRC's Certification of Small Entity Status (NRC Form 526) for FY 2003. If you determine that Alexander Drilling meets the lower tier small entity size standards, and so certify by completing and returning the form, the annual fee would be further reduced for Invoice AM1834-03. Because the amount billed under AM1834-03 (\$1,350) reflects a 50 percent proration of the annual fee, the amount due for the invoice would be 50 percent (either \$1,150 or \$250) of the amount shown on NRC Form 526 (FY 2003) for the size standard under which the company qualifies.

R. Alexander

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The NRC accepts credit cards (VISA, MasterCard and Discover (NOVUS)), for payment of the annual fees. If you wish to pay by credit card, complete the enclosed authorization form (NRC Form 629). If you have any questions concerning credit card payment, please contact Leah Tremper at 301-415-7347.

If you have any further questions concerning the assessment of the annual fee, please contact Shirley Crutchfield at 301 415-6097.

Sincerely,

/RA/

Diane B. Dandois, Chief
License Fee and Accounts Receivable Branch
Division of Accounting and Finance
Office of the Chief Financial Officer

Enclosures: 1. NRC Form 526
2. NRC Form 629

R. Alexander

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2. NRC Form 629

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