



One North Central Avenue, Phoenix, AZ 85004 • (602) 366-8178  
Fax: (602) 366-7321

Ramiro G. "Ramey" Peru  
Senior Vice President  
and Chief Financial Officer

United States Nuclear Regulatory Commission  
Attn: Mr. William Von Till  
Mail Stop 7-J8  
Washington, DC 20555-001

Dear Mr. Von Till:

I am the chief financial officer of Phelps Dodge Corporation (the "Company") located at One North Central Avenue, Phoenix, Arizona 85004, a New York corporation. This letter is in support of the Company's use of the financial test to demonstrate financial assurance using a parent company guarantee as specified in NRC's 1988 *Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities* ("Technical Position").

The Company guarantees, through a parent company guarantee submitted to demonstrate compliance under 10 CFR Part 40, including Appendix A, and the above-mentioned NRC Technical Position, the decommissioning of the following facility owned and/or operated by a subsidiary of this Company. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for such facility:

<u>Name and Location Facility</u>	<u>License Number</u>	<u>Certified Amounts or Current Cost Estimates</u>
Western Nuclear, Inc. Split Rock Facility 22 Ore Road Jeffrey City, Fremont County, Wyoming 82310	SUA-56	\$11,833,750

This Company is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this Company's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended December 31, 2002. A copy of the Company's most recent financial statements is enclosed:

**PARENT COMPANY GUARANTEE FINANCIAL TEST II**


1. Current decommissioning cost estimates or certified amounts
  - a. Decommissioning amounts covered by this parent company guarantee \$ 11,833,750
  - b. All decommissioning amounts covered by other NRC or Agreement State parent company guarantees or self-guarantees \$ -0-
  - c. All amounts covered by parent company guarantees, self-guarantees or financial tests of other Federal or State agencies \$119,010,714
- TOTAL** \$130,844,464
2. Current bond rating of most recent unsecured issuance of this firm  
Rating Baa3  
Name of rating service Moody's
3. Date of issuance of bond May 24, 2001
4. Date of maturity of bond June 1, 2031
- \*5. Tangible net worth\*\* (if any portions of estimates for decommissioning is included in total liabilities on your firm's financial statements, you may add the amount of that portion to this line) \$2,428,400,000
- \*6. Total assets in United States (required only of less than 90 percent of firm's assets are located in the United States) \$4,557,600,000

- |   | YES           | NO            |
|---|---------------|---------------|
| 7. Is line 5 at least \$20 million?   | <u>  X  </u>  | <u>      </u> |
| 8. Is line 5 at least 6 times line 1?   | <u>  X  </u>  | <u>      </u> |
| 9. Are at least 90 percent of the firm's assets located in the United States? If not, complete line 10. | <u>      </u> | <u>  X  </u>  |
| 10. Is line 6 at least 6 times line 1?  | <u>  X  </u>  | <u>      </u> |

11. Is the rating specified on line 2 "BBB"  
or better (if issued by Standard & Poor's)  
or "Baa" or better (if issued by Moody's)?  X  \_\_\_\_\_

\* Denotes figures derived from financial statements.  
\*\* Tangible net worth is defined as net worth minus goodwill, patents, trademarks, and copyrights.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

  
\_\_\_\_\_  
R.G. Peru, Senior Vice-President and  
Chief Financial Officer

Date:  January 21, 2004

**PARENT COMPANY GUARANTEE FOR DECOMMISSIONING ACTIVITIES  
LICENSE NO. SUA-56**

Guarantee made this Jan 21, 2004 by Phelps Dodge Corporation, a corporation organized under the laws of the State of New York, herein referred to as "guarantor," to the Nuclear Regulatory Commission (NRC), beneficiary, on behalf of Phelps Dodge Corporation's subsidiary Western Nuclear, Inc. of 2801 Youngfield, Suite 340, Golden, CO 80401.

**Recitals**

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of New York, its State of Incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee. Guarantor will use Financial Test II as delineated in 10 CFR Part 30, Appendix A.
2. This guarantee is being issued to comply with regulations issued by NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, the Uranium Mill Tailings Radiation Control Act of 1978, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40 which require that a holder of, or an applicant for, a materials license pursuant to 10 CFR Part 40 provide assurance that funds will be available when needed for activities in accordance with the approved Reclamation and Decommissioning Plan and subsequent amendments made to such plan and also for any long-term surveillance and control of the uranium recovery facility for Western Nuclear, Inc.'s Split Rock facility.
3. The guarantee is issued to provide financial assurance in accordance with the approved Reclamation and Decommissioning Plan and subsequent amendments made to such plan and also for any long-term surveillance and control of the uranium recovery facility for Western Nuclear, Inc.'s Split Rock facility located at 22 Ore Road, Jeffrey City, Fremont County, Wyoming, License No. SUA-56 (hereinafter referred to as the "Western Nuclear Split Rock Facility") as required by 10 CFR Part 40 and Appendix A. The costs for decommissioning, reclamation, and long-term surveillance and control of the facility to be conducted in accordance with the approved Reclamation and Decommissioning Plan and subsequent amendments made to such plan and also for any long-term surveillance and control of the uranium recovery facility for Western Nuclear, Inc.'s Split Rock facility are as follows:

Western Nuclear, Inc. Split Rock Facility  
22 Ore Road  
Jeffrey City, Fremont County  
Wyoming 82310  
License No. SUA-56

**Decommissioning Costs Guaranteed:      \$11,833,750**

4. The guarantor meets or exceeds the following financial test criteria of parent company guarantee financial test listed under 10 CFR Part 30, Appendix A, and agrees to comply with all notification requirements as specified in 10 CFR Part 40 and Appendix A, as well as Appendix A to 10 CFR Part 30.

The guarantor meets one of the following two financial tests:

**Test #1: The parent company must have:**

- (a) Two of the following three ratios: A ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and
- (b) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof;
- (c) Tangible net worth of at least \$20 million; and
- (d) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof.

**Test #2: The parent company must have:**

- (a) A current rating for its most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's or Aaa, Aa, A or Baa as issued by Moody's; and
- (b) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof; and
- (c) Tangible net worth of at least \$20 million; and
- (d) Assets located in the United States amounting to at least 90 percent of the total assets of at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof.

5. The guarantor has majority control of the voting stock for the following licensees covered by this parent company guarantee:

**Western Nuclear, Inc.      License No. SUA-56**  
**Split Rock Facility**  
**22 Ore Road**  
**Jeffrey City, Fremont County**  
**Wyoming 82310**

6. Decommissioning activities as used below refer to the activities required by 10 CFR Part 40 and Appendix A for decommissioning, reclamation, and long-term surveillance and control of the facility identified above.
7. For value received from Western Nuclear, Inc., and pursuant to the guarantor's authority to enter into this guarantee as evidenced by the signed certified copy of, the guarantor guarantees to NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. SUA-56, the guarantor shall:
  - (a) Carry out the required activities
  - (b) Set up a trust fund in favor of the above identified beneficiary in the amount of these current NRC-approved cost estimates for these activities, and;
  - (c) In addition, the guarantor shall cover the eventual payment of the amount for long-term surveillance and control, if any, as required by 10 CFR Part 40, Appendix A
8. The guarantor agrees to submit revised financial statements, financial test data, and an auditor's special report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, guarantor shall send within 90 days of the end of the fiscal year, by certified mail, notice to NRC that guarantor intends to provide alternative financial assurance as specified in 10 CFR Part 40 and Appendix A in the name of the licensee. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if Western Nuclear, Inc. has not done so.
10. The guarantor also agrees to notify the beneficiary party promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that if it determines, at any time other than that described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 40, Appendix A, within 30 days, in the name of Western Nuclear, Inc. unless Western Nuclear, Inc. has done so.
12. The guarantor agrees to notify the NRC, by certified mail of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code naming guarantor as debtor, within 10 days after commencement of the proceeding.
13. The guarantor, as well as its successors and assigns, agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved Reclamation and Decommissioning funding plan for that facility, the extension or reduction of the time of performance of required

activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 40 and Appendix A.

14. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
15. The guarantor agrees to remain bound under this guarantee for as long as Western Nuclear, Inc. must comply with the applicable financial assurance requirements of 10 CFR Part 40 and Appendix A, for the previously listed facility, except that the guarantor may cancel this guarantee by sending notice by certified mail to NRC and to Western Nuclear, Inc. such cancellation to become effective no earlier than 120 days after receipt of such notice by both NRC and Western Nuclear, Inc. as evidenced by the return receipts.
16. The guarantor agrees that if Western Nuclear, Inc. fails to provide alternative financial assurance as specified in 10 CFR Part 40 and Appendix A, as applicable, and obtain written approval of such assurance from NRC within 90 days after a notice of cancellation by the guarantor is received by both NRC and Western Nuclear, Inc. from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Western Nuclear, Inc. or make full payment under the guarantee. The guarantor and the licensee agree to be jointly and severally liable for all litigation costs incurred by the beneficiary in any successful effort to enforce the agreement against the guarantor.
17. The guarantor expressly waives notice of acceptance of this guarantee by NRC or by Western Nuclear, Inc. The guarantor also expressly waives notice of amendments or modifications of the requirements for decommissioning, reclamation and long-term surveillance and control of the facility and of amendments or modifications of the license.
18. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Date: January 21, 2004

PHELPS DODGE CORPORATION



R. G. Peru, Senior Vice President and  
Chief Financial Officer

  
Witness

**PARENT COMPANY GUARANTEE FOR DECOMMISSIONING ACTIVITIES  
LICENSE NO. SUA-56**

Guarantee made this Jan 21, 2004 by Phelps Dodge Corporation, a corporation organized under the laws of the State of New York, herein referred to as "guarantor," to the Nuclear Regulatory Commission (NRC), beneficiary, on behalf of Phelps Dodge Corporation's subsidiary Western Nuclear, Inc. of 2801 Youngfield, Suite 340, Golden, CO 80401.

**Recitals**

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of New York, its State of Incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee. Guarantor will use Financial Test II as delineated in 10 CFR Part 30, Appendix A.
2. This guarantee is being issued to comply with regulations issued by NRC, an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, the Uranium Mill Tailings Radiation Control Act of 1978, and the Energy Reorganization Act of 1974. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40 which require that a holder of, or an applicant for, a materials license pursuant to 10 CFR Part 40 provide assurance that funds will be available when needed for activities in accordance with the approved Reclamation and Decommissioning Plan and subsequent amendments made to such plan and also for any long-term surveillance and control of the uranium recovery facility for Western Nuclear, Inc.'s Split Rock facility.
3. The guarantee is issued to provide financial assurance in accordance with the approved Reclamation and Decommissioning Plan and subsequent amendments made to such plan and also for any long-term surveillance and control of the uranium recovery facility for Western Nuclear, Inc.'s Split Rock facility located at 22 Ore Road, Jeffrey City, Fremont County, Wyoming, License No. SUA-56 (hereinafter referred to as the "Western Nuclear Split Rock Facility") as required by 10 CFR Part 40 and Appendix A. The costs for decommissioning, reclamation, and long-term surveillance and control of the facility to be conducted in accordance with the approved Reclamation and Decommissioning Plan and subsequent amendments made to such plan and also for any long-term surveillance and control of the uranium recovery facility for Western Nuclear, Inc.'s Split Rock facility are as follows:

Western Nuclear, Inc. Split Rock Facility  
22 Ore Road  
Jeffrey City, Fremont County  
Wyoming 82310  
License No. SUA-56

**Decommissioning Costs Guaranteed:      \$11,833,750**



4. The guarantor meets or exceeds the following financial test criteria of parent company guarantee financial test listed under 10 CFR Part 30, Appendix A, and agrees to comply with all notification requirements as specified in 10 CFR Part 40 and Appendix A, as well as Appendix A to 10 CFR Part 30.

The guarantor meets one of the following two financial tests:

**Test #1: The parent company must have:**

- (a) Two of the following three ratios: A ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and
- (b) Net working capital and tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof;
- (c) Tangible net worth of at least \$20 million; and
- (d) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof.

**Test #2: The parent company must have:**

- (a) A current rating for its most recent bond issuance of AAA, AA, A or BBB as issued by Standard and Poor's or Aaa, Aa, A or Baa as issued by Moody's; and
- (b) Tangible net worth each at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof; and
- (c) Tangible net worth of at least \$20 million; and
- (d) Assets located in the United States amounting to at least 90 percent of the total assets or at least six times the current decommissioning cost estimates for the total of all facilities or parts thereof.

5. The guarantor has majority control of the voting stock for the following licensees covered by this parent company guarantee:

**Western Nuclear, Inc. License No. SUA-56**  
**Split Rock Facility**  
**22 Ore Road**  
**Jeffrey City, Fremont County**  
**Wyoming 82310**

6. Decommissioning activities as used below refer to the activities required by 10 CFR Part 40 and Appendix A for decommissioning, reclamation, and long-term surveillance and control of the facility identified above.
7. For value received from Western Nuclear, Inc., and pursuant to the guarantor's authority to enter into this guarantee as evidenced by the signed certified copy of, the guarantor guarantees to NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. SUA-56, the guarantor shall:
  - (a) Carry out the required activities
  - (b) Set up a trust fund in favor of the above identified beneficiary in the amount of these current NRC-approved cost estimates for these activities, and;
  - (c) In addition, the guarantor shall cover the eventual payment of the amount for long-term surveillance and control, if any, as required by 10 CFR Part 40, Appendix A
8. The guarantor agrees to submit revised financial statements, financial test data, and an auditor's special report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, guarantor shall send within 90 days of the end of the fiscal year, by certified mail, notice to NRC that guarantor intends to provide alternative financial assurance as specified in 10 CFR Part 40 and Appendix A in the name of the licensee. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if Western Nuclear, Inc. has not done so.
10. The guarantor also agrees to notify the beneficiary party promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that if it determines, at any time other than that described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 40, Appendix A, within 30 days, in the name of Western Nuclear, Inc. unless Western Nuclear, Inc. has done so.
12. The guarantor agrees to notify the NRC, by certified mail of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code naming guarantor as debtor, within 10 days after commencement of the proceeding.
13. The guarantor, as well as its successors and assigns, agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved Reclamation and Decommissioning funding plan for that facility, the extension or reduction of the time of performance of required

activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 40 and Appendix A.

14. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
15. The guarantor agrees to remain bound under this guarantee for as long as Western Nuclear, Inc. must comply with the applicable financial assurance requirements of 10 CFR Part 40 and Appendix A, for the previously listed facility, except that the guarantor may cancel this guarantee by sending notice by certified mail to NRC and to Western Nuclear, Inc. such cancellation to become effective no earlier than 120 days after receipt of such notice by both NRC and Western Nuclear, Inc. as evidenced by the return receipts.
16. The guarantor agrees that if Western Nuclear, Inc. fails to provide alternative financial assurance as specified in 10 CFR Part 40 and Appendix A, as applicable, and obtain written approval of such assurance from NRC within 90 days after a notice of cancellation by the guarantor is received by both NRC and Western Nuclear, Inc. from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Western Nuclear, Inc. or make full payment under the guarantee. The guarantor and the licensee agree to be jointly and severally liable for all litigation costs incurred by the beneficiary in any successful effort to enforce the agreement against the guarantor.
17. The guarantor expressly waives notice of acceptance of this guarantee by NRC or by Western Nuclear, Inc. The guarantor also expressly waives notice of amendments or modifications of the requirements for decommissioning, reclamation and long-term surveillance and control of the facility and of amendments or modifications of the license.
18. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to NRC during each year in which this guarantee is in effect.


I hereby certify that this guarantee is true and correct to the best of my knowledge.

Date: January 21, 2004

PHELPS DODGE CORPORATION



R. G. Peru, Senior Vice President and  
Chief Financial Officer



Witness

WESTERN NUCLEAR, INC.  
2801 Youngfield, Suite 340  
Golden, Colorado 80401  
(303) 274-1767 Fax: (303) 274-1762

United States Nuclear Regulatory Commission  
Attn: Mr. William Von Till  
Mail Stop 7-J8  
Washington, DC 20555-001

Dear Mr. Von Till:

I am the President of Western Nuclear, Inc. (WNI) with corporate offices located at 2801 Youngfield, Suite 340, Golden, Colorado 80401, a Delaware corporation. This letter is in support of Phelps Dodge Corporation's, WNI's parent company, (the "Company's"), use of the financial test to demonstrate financial assurance for WNI as specified in NRC's 1988 *Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities* ("Technical Position").

I hereby certify that WNI is currently not a going concern with a positive, tangible net worth of at least \$20 million, and WNI is and has been wholly dependent upon financial support from the Company since 1985.

WNI is not required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. The fiscal year of this firm ends on December 31.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Western Nuclear, Inc.

  
\_\_\_\_\_  
Lawrence J. Corte, President

Date: 1/20/04

**Report of Independent Accountants**

To the Board of Directors of  
Phelps Dodge Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Phelps Dodge Corporation (the "Company") for the year ended December 31, 2002, and have issued our report thereon dated April 3, 2003. We have also audited the accompanying Schedule of Tangible Net Worth and U.S. Assets as of December 31, 2002. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of this schedule in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Tangible Net Worth and U.S. Assets referred to above presents fairly, in all material respects, the tangible net worth and U.S. assets of Phelps Dodge Corporation as of December 31, 2002.

As discussed in Note 1, the Company reclassified certain mining concessions from property, plant and equipment to intangible assets.

This report is intended solely for the information and use of the Board of Directors and management of Phelps Dodge Corporation and the United States Nuclear Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.



April 3, 2003, except for Note 1,  
which is as of July 31, 2003

**Phelps Dodge Corporation**  
**Schedule of Tangible Net Worth and U.S. Assets**  
**December 31, 2002**  
(in millions)

<b>Tangible Net Worth</b>	
Total assets	\$ 7,029.0
Intangible assets	(450.5)
Total liabilities	<u>(4,150.1)</u>
Tangible net worth	<u>\$ 2,428.4</u>
<b>U.S. Assets</b>	
Total assets	\$ 7,029.0
Foreign assets	<u>(2,471.4)</u>
U.S. assets	<u>\$ 4,557.6</u>

**Note 1:** The Company had discussions with the Staff of the Securities and Exchange Commission in July 2003 regarding the balance sheet classification of certain mining concessions, primarily mining concessions containing proven and probable ore reserves and mineralized material at the Company's South American mines, and whether such assets constitute tangible or intangible assets based upon certain guidance contained in Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." Historically, the Company classified such assets less the related accumulated depreciation, depletion and amortization, as "Property, plant and equipment, net" on its consolidated balance sheet. Mining concessions totalling \$325.9 at December 31, 2002 originally classified as property, plant and equipment have been reclassified as intangible assets in the Schedule of Tangible Net Worth and U.S. Assets. These assets will continue to be amortized over their respective useful lives. This reclassification had no effect on the Company's shareholders' equity.

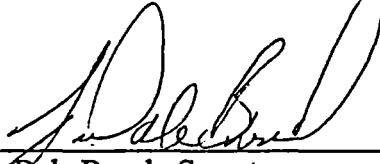
**Phelps Dodge Corporation  
A New York Corporation**

**OFFICER'S CERTIFICATE**

THE UNDERSIGNED, J. Dale Brunk, being the duly elected and qualified Secretary of Phelps Dodge Corporation , a New York corporation, does hereby certify as follows:

1. Phelps Dodge Corporation is a New York corporation, incorporated on August 10, 1885;
2. Western Nuclear, Inc. is a Delaware corporation, incorporated on October 23, 1970; and
3. Phelps Dodge Corporation owns 100% of the capital stock of Western Nuclear, Inc.
4. Phelps Dodge Corporation certified that the amount provided in its parent company guarantee equals or exceeds the required coverage level under Western Nuclear, Inc.'s approved decommissioning plan.

PHELPS DODGE CORPORATION

  
\_\_\_\_\_  
J. Dale Brunk, Secretary

Date: 1/20/04

**CHECKLIST 1**  
**MASTER CHECKLIST FOR**  
**DECOMMISSIONING FINANCIAL ASSURANCE**

**Name of Licensee/Applicant:** Western Nuclear, Inc.

**Mailing Address:** 2801 Youngfield, Suite 340,  
Golden, Colorado 80401

**Facility Address:** 22 Ore Road  
Jeffrey City, Fremont County  
Wyoming 82310

**License Number:** SUA-56

**Date of Submission:** January 21, 2004

**Applicable Parts of 10 CFR:**    \_\_ Part 30    X Part 40  
  \_\_ Part 70    \_\_ Part 72

**Type of Submission:**  
                  \_\_ Certification of Financial Assurance \_\_ attach Checklist 2  
                  X Decommissioning Funding Plan N/A attach Checklist 3  
                  \_\_ Decommissioning Plan \_\_ attach Checklist 18

**Type of Mechanism:**

- Prepayment
  - Trust \_\_ attach Checklist 4-A
  - Escrow Account \_\_ attach Checklist 5-A
  - Government Fund \_\_ attach Checklist 6-A
  - Certificate of Deposit \_\_ attach Checklist 7-A
  - Deposit of Government Securities \_\_ attach Checklist 8-A
- Surety, Insurance or Other Guarantee Method
  - Surety Bond \_\_ attach Checklist 9-A
  - Letter of Credit \_\_ attach Checklist 10-A
  - Line of Credit \_\_ attach Checklist 11-A
  - Insurance \_\_ attach Checklist 12-A
  - Parent Company Guarantee X attach Checklist 13-A
  - Self-Guarantee \_\_ attach Checklist 14-A
- External Sinking Fund \_\_ attach Checklist 15-A
- Statement of Intent \_\_ attach Checklist 16-A
- Special Arrangement with a Government Entity \_\_ attach Checklist 18-A. F4



**CHECKLIST 13-A**  
**PARENT COMPANY GUARANTEES**

**Documentation is complete:**

- X 1. Parent Company (corporate) Guarantee agreement (originally signed duplicate)**
- X 2. Letter from chief executive officer of licensee**
- X 3. Letter from chief financial officer of parent company, including parent company guarantee financial test (Financial Test I or II)**
- X 4. Auditor's special report confirming CFO letter and reconciling amounts in the CFO letter with parent company financial statements**
- X 5. Parent company's audited financial statements for the most recent fiscal year, including the auditor's opinion on the financial statements**
- 6. Checklist 13-B (if model parent company guarantee wording is modified or not used  
N/A (Please see cover letter explaining modified company guarantee wording))**
- X 7. The corporate parent has majority control of the licensee's voting stock (if not, details on the parent-subsidiary relationship have been submitted to NRC for review)**
- X 8. The amount of the parent company guarantee equals or exceeds the required coverage level.**