

May 3, 2004

Mr. Lawrence J. Corte, Manager
Western Nuclear, Inc.
2801 Youngfield Street, Suite 340
Golden, Colorado 80401

SUBJECT: REQUEST TO CHANGE FINANCIAL SURETY INSTRUMENT SPLIT ROCK
SITE, JEFFREY CITY, WYOMING - LICENSE AMENDMENT 97 TO SOURCE
MATERIALS LICENSE SUA-56 (TAC L52525)

Dear Mr. Corte:

The U. S. Nuclear Regulatory Commission (NRC) staff has reviewed the decommissioning financial assurance documents submitted by Anthony J. Thompson, Counsel, on behalf of licensee Western Nuclear Inc. (WNI) for the Split Rock Site in Jeffrey City, Wyoming, dated May 30, 2003, and supplemented by information dated January 21, 2004, and April 28, 2004, submitted by Phelps Dodge Corporation. The January 21, 2004, submittal was in response to the staff's August 8, 2003, and November 25, 2003, Request for Additional Information (RAI) and the April 28, 2004, submittal was in response to staff's April 7, 2004, RAI. The documents are to provide funds for decommissioning, decontamination, and groundwater remediation activities through a Parent Company Guarantee by Phelps Dodge Corporation as a replacement for a surety bond issued by Antitrust and Indemnity Group (AIG).

The staff reviewed the licensee's submittals with the applicable regulations at 10 CFR Part 40, Appendix A, and the regulatory guidance of the *Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities*, October 1988 (Technical Position). The staff finds that the Parent Company Guarantee satisfies the NRC guidance and regulations and is therefore accepted. Enclosed is your previous surety mechanism, surety bond issued by AIG, stamped "canceled". We have amended License Condition 29 of your source materials license SUA-56, using the new surety mechanism, and the amended license is enclosed. An environmental review was not performed for this action since it is an administrative change and is categorically excluded per 10 CFR Part 51.22(c)(10).

If you have any questions, feel free to contact the Project Manager, William von Till, at (301) 415-6251 or by e-mail at rwv@nrc.gov.

In accordance with 10 CFR 2.390 of NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-1162
License No. SUA-56

Enclosures:

1. Returned Canceled Surety Bond
2. License Amendment 97

cc: J. Wagner, WDEQ
Donna Bergman-Tabbert, DOE

L. Corte

2

May 3, 2004

In accordance with 10 CFR 2.790 of NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-1162
License No. SUA-56

Enclosures:

- 1. Returned Canceled Surety Bond
- 2. License Amendment 97

cc: J. Wagner, WDEQ
Donna Bergman-Tabbert, DOE

Close TAC L52525

DISTRIBUTION (w/encl):

FCLB r/f FCSS r/f J.Whitten,RIV T.Fredrichs, DWM M.Schwartz, OGC

C:\ORPCheckout\FileNET\ML041270448.wpd

ML041270448

OFC	FCFB		FCFB		FCFB		FCFB	
NAME	W.von Till		B.Garrett		R.Nelson		G.Janosko	
DATE	5/3/04		5/3/04		5/3/04		5/3/04	

OFFICIAL RECORD COPY