From: "Chris Pugsley" <cpugsley@athompsonlaw.com>
To: <tlf@nrc.gov>, "'Robert Nelson'" <RAN@nrc.gov>
Date: 4/20/04 1:52PM
Subject: Revised documents

Please find attached the revised documents as discussed on the conference call earlier this afternoon for Western Nuclear, Inc. Please contact me if you have any questions. Thank you.

Chris Pugsley

CC: "'Corte, Lawrence J.'" <lcorte@phelpsdodge.com>

[Phelps Dodge Letterhead]

United States Nuclear Regulatory Commission
Attn: Mr. Robert Nelson
Mail Stop T8-A33
Washington, DC 20555-001

Dear Mr. Nelson:

This letter is to certify that Phelps Dodge Corporation (PDC) hereby acknowledges that the parent company guarantee application submitted to the Nuclear Regulatory Commission (NRC) on behalf of its wholly-owned subsidiary, Western Nuclear, Inc. (WNI), shall be for the amount of $12,279,018 as reflected in Amendment 95 of WNI's NRC source material license.

The undersigned hereby certifies that he/she is duly authorized to certify that PDC satisfies Financial Test II for parent company guarantees and that he/she is duly authorized to bind PDC to the revised parent guarantee financial assurance amount of $12,279,018. Thank you for your time and consideration in this matter.

Sincerely,

_____

Phelps Dodge Corporation

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

Guarantee made this April 8, 2003 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: **$12,279,018**

[PHELPS DODGE LETTERHEAD]

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:

Name and Location Facility	License Number	Certified Amounts or Current Cost Estimates
Western Nuclear, Inc. Split Rock Facility 22 Ore Road Jeffrey City, Fremont County, Wyoming 82310	SUA-56	$12,279,018

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 $ 12,279,018

   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 $ 131,289,732

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 if 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?	X	
8.	Is line 5 at least 6 times line 1?	X	
9.	Are at least 90 percent of the firm's assets located in the United States? If not, complete line 10.		X
10.	Is line 6 at least 6 times line 1?	X	