

COPY

RE: 0422-E

April 27, 2004

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Ms. Rita Ware
U.S. Environmental Protection Agency - Region 6
RCRA Enforcement Branch
Compliance Assurance and Enforcement Division (6EN)
1445 Ross Avenue
Dallas, TX 75202-2733

RE: Sequoyah Fuels Corporation
2004 1st Quarter Financial Assurance Quarterly Report
RCRA § 3008(h) Administrative Order on Consent
U. S. EPA Docket No. VI-005-(h)93-H
EPA I. D. No. OKD051961183

Dear Ms. Ware:

Enclosed are four (4) copies of Sequoyah Fuels Corporation's (SFC) 2004 1st Quarter Financial Assurance Quarterly Report/Financial Statement. The information is being submitted to fulfill obligations in the referenced order contained in Part XII.2(a) and in Part XII.2(b) and (c).

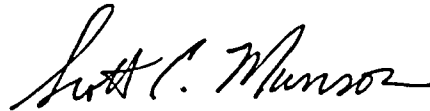
The list of recipients of copies of these reports will receive all information contained in this submittal.

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Rita Ware
April 27, 2004
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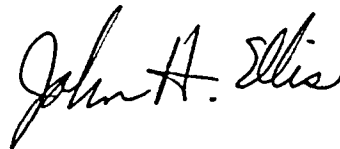
Should you have any questions regarding the enclosed information, please contact me at 918/489-5511, extension 20.

Sincerely,



Scott C. Munson
Project Coordinator

Approved:



John H. Ellis
President

JHE/SCM/bt

Enclosures as Stated

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2004 1st Quarter Financial Assurance Quarterly Report/Financial Statement

SEQUOYAH FUELS CORPORATION
1ST QUARTER 2004
FINANCIAL ASSURANCE REPORT

Cost Center	2004 Annual Budget	% Total	1st Quarter Budget	% Budget	1st Quarter Actual	% Budget
EXPENSES						
Corrective Action						
SOW 1	\$2,764,331.00	60.77%	\$691,082.75	25.00%	\$ 210,810.80	8%
DP/CMP/EIS						
SOW 2	\$243,138.50	5.34%	\$24,313.85	10.00%	\$ 39,781.45	16%
ENV/CHAR. SAMPLG						
SOW 3	\$103,638.50	2.28%	\$31,091.55	30.00%	\$ 19,738.15	19%
WASTE WATER TRT						
Sub Total	\$3,111,108.00	68.39%	\$746,488.15	23.99%	\$270,330.40	9%
Administration						
Taxes & Insurance	\$318,000.00	6.99%	\$19,716.00	6.20%	\$ 19,756.00	6%
Utilities	\$88,800.00	1.95%	\$22,200.00	25.00%	\$ 18,170.00	20%
Maintenance	\$15,000.00	0.33%	\$3,750.00	25.00%	\$ 13,122.00	87%
Security	\$36,000.00	0.79%	\$9,000.00	25.00%	\$ 10,013.00	28%
Executive	\$438,277.00	9.63%	\$109,569.25	25.00%	\$ 95,998.60	22%
Legal	\$300,000.00	6.59%	\$75,000.00	25.00%	\$ 79,818.00	27%
Human Resources	\$242,000.00	5.32%	\$60,500.00	25.00%	\$ 68,816.00	28%
Sub-Total	\$1,438,077.00	31.61%	\$299,735.25	20.84%	\$305,693.60	21%
TOTAL EXPENSES	\$4,549,185.00		\$1,046,223.40	23.00%	\$576,024.00	13%
Revenue						
ConverDyn Fees	\$4,763,000.00	90.07%	\$1,190,750.00	25.00%	\$ 398,388.00	8%
Interest Income	\$300,000.00	5.67%	\$75,000.00	25.00%	\$ 49,398.00	16%
Rent, Other	\$225,000.00	4.25%	\$56,250.00	25.00%	\$ 51,320.00	23%
TOTAL REVENUE	\$5,288,000.00		\$1,322,000.00	25.00%	\$499,106.00	9%

SOW - 1

PROJECT TITLE: *Prepare Site Reclamation Plan and Implementation of Corrective Measures*

PROJECT DESCRIPTION:

This project covers research, site studies, alternative evaluations and costs associated with preparation of an NRC approved Reclamation Plan (RP) at Sequoyah Fuels and an EPA approved Corrective Measures Implementation Plan. Additionally, it covers NRC fees for technical evaluation of SFC's Reclamation Plan and supporting documents.

PROJECT DELIVERABLES:

At the completion of this project there will be a set of documents that define the steps and activities and acceptable options for site cleanup, including a reclamation plan, a groundwater monitoring plan, a groundwater corrective action plan and an application for alternate groundwater concentration limits.

PROJECT SUPPORT:

2004 BUDGET - \$2,764,331

PROJECT JUSTIFICATION:

Federal regulation requires this step to be completed to begin reclamation.

SOW - 2

PROJECT TITLE: *Environmental Monitoring/Characterization Sampling and Analysis*

PROJECT DESCRIPTION:

This project provides for the routine environmental monitoring, sampling, and recovery of liquids as required by permit, license or procedure. Environmental monitoring will include soil, vegetation, sediment, air, groundwater and surface water, and the facility liquid effluent stream. It will also cover special sampling events as may be necessary for specific permitted or licensed activities.

PROJECT DELIVERABLES:

This project will ensure that the required environmental monitoring is being conducted. It provides a program by which SFC can be assured that the conditions of the NRC License and state permits are being met.

PROJECT SUPPORT:

2004 BUDGET - \$243,138.50

PROJECT JUSTIFICATION:

The environmental permits and license requirements for SFC specify that environmental sampling be conducted at a defined frequency. Environmental and characterization data are essential to the day to day activities and will provide valuable information for the selection of decommissioning activities and options.

SOW - 3

PROJECT TITLE: *Waste Water Treatment*

PROJECT DESCRIPTION:

Collection, monitoring and treatment of facility storm water and recovered groundwater.

PROJECT DELIVERABLES:

Collect, treat and dispose of water collected from facility surface impoundments and from various perched groundwater recovery systems. Treated water will be released at or below applicable regulatory or permit limits. Nitrate impacted water will be land applied as a fertilizer.

PROJECT SUPPORT:

2004 BUDGET - \$103,638.50

PROJECT JUSTIFICATION:

Impacted surface and perched groundwater must be treated to meet disposal limits prior to discharge. Recovery of impacted perched groundwater is an integral part of SFC's decommissioning/corrective measure plans.