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July 30, 2004

Mr. George Pangburn
Director, Division of Nuclear Material Safety
United States Nuclear Regulatory Commission – Region 1
475 Allendale Road
King of Prussia, PA 19406-1415

Re: EA-03-219 License #37-00030-08

37-00030-02

Dear Mr. Pangburn,

As agreed during our Predecisional Enforcement Conference of July 20, 2004, we are writing to propose a plan to rectify our current non-compliance to our license's required escrow funding obligation. Your investigation and the subsequent hearing provided us with the opportunity to explain how this condition occurred, so we will refrain from repeating the details again at this time.

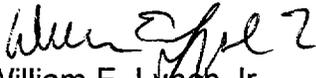
Although we would prefer to pay off our obligation immediately by financing the full amount owed with a multi-year term loan, Safety Light's ability to obtain financing is compromised by the fact that our license terminates on December 31, 2004. If it is possible for the NRC to confirm a renewal of our license, we believe that we would then be in a position to obtain the required financing and retire our funding obligation immediately. Otherwise, based on a careful evaluation of our anticipated cash flow from our current and projected business, we are willing to commit to the following:

1. We will continue to make the required monthly escrow contribution of \$9,000 per month through the end of our current license period - December 31, 2004.
2. On or before October 31, 2004, we will contribute an additional \$24,000 into the escrow account.
3. On or before January 31, 2005, we will contribute an additional \$24,000 into the escrow account.
4. On or before April 30, 2005, we will contribute the remaining balance of \$24,000 plus accumulated interest.

The above scheduled payments total \$117,000 to be paid over the next 9 months. This is an aggressive commitment for our small business made in recognition of the seriousness that we place on our current non-compliance.

We appreciate your consideration of the above proposal and we welcome your feedback.

Regards,


William E. Lynch Jr.
Vice President

CC: Marie Miller, US NRC Region 1