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September 1, 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 / 03005982
37-00030-02 / 03005980

Dear Mr. Pangburn,

During our telephone conversation of August 23, 2004 in which we discussed our letter of July 30, 2004 and our proposal to remedy our escrow funding shortfall, you and Mr. Kinneman requested that we reevaluate our anticipated cash flow with the goal of accelerating our payment schedule and retiring this obligation by January 31, 2005.

We have reviewed the situation as requested, however are unable to commit to any change in the proposed repayment schedule. As you are aware, our schedule causes us to pay a total of \$117,000 in no less than three installments over the next 8 months. This represents a significant commitment. Nevertheless, if cash flow allows, we will make every effort to retire this obligation more quickly.

We appreciate your consideration and await your acceptance of our proposal.

Regards,


William E. Lynch Jr.
Vice President

CC: Mr. John Kinneman, Chief Nuclear Materials Safety Branch 2

NMSS/RGNI MATERIALS-002