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RE: 0506-E

January 31, 2005

Certified Mail - Return Receipt Requested
Receipt No. 7004 1160 0004 4865 8835

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

40-8027

RE: Sequoyah Fuels Corporation
2005 Financial Assurance Annual Budget Report
2004 4th 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) 2005 Financial Assurance Annual Budget Report and our 2004 4th Quarter Financial Assurance Quarterly Report and Financial Statements. 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).

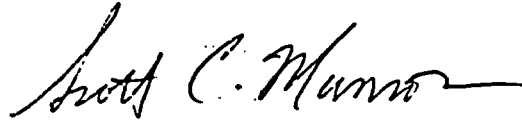
The list of recipients of copies of these reports will receive all information contained in this submittal.

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Rita Ware
January 31, 2005
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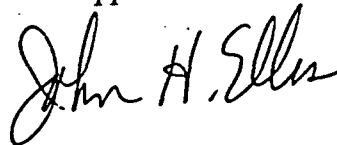
Should you have any questions regarding the enclosed information, please contact me at 918/489-5511, extension 20.

Sincerely,



Scott C. Munson
Project Coordinator

Approved:



John H. Ellis
President

JHE/SCM/bt

Enclosures as Stated

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U.S. Nuclear Regulatory Commission ✓
Myron Fliegel
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2004 4th Quarter Financial Assurance Quarterly Report

SEQUOYAH FUELS CORPORATION FINANCIAL ASSURANCE REPORT

4TH QUARTER 2004

Cost Center	2004 Annual Budget	% Total	4th Quarter Budget	% Budget	4th Quarter Actual	% Budget	Year-To-Date Actual	% Budget
EXPENSES								
Corrective Action								
SOW 1	\$2,764,331.00	60.77%	\$691,082.75	25.00%	\$579,208.00	20.95%	\$1,609,088.00	58.21%
DP/CMP/EIS								
SOW 2	\$243,138.50	5.34%	\$97,255.40	40.00%	\$101,852.00	41.89%	\$272,781.00	112.19%
ENV/CHAR. SAMPLG								
SOW 3	\$103,638.50	2.28%	\$20,727.70	20.00%	\$31,854.00	30.74%	\$113,709.00	109.72%
WASTE WATER TRT								
Sub Total	\$3,111,108.00	68.39%	\$809,065.85	26.01%	\$712,914.00	22.92%	\$1,995,578.00	64.14%
Administration								
Taxes & Insurance	\$318,000.00	6.99%	\$236,274.00	74.30%	\$158,809.00	49.94%	\$237,644.00	74.73%
Utilities	\$88,800.00	1.95%	\$22,200.00	25.00%	\$20,384.00	22.95%	\$77,569.00	87.35%
Maintenance	\$15,000.00	0.33%	\$3,750.00	25.00%	\$24,638.00	164.25%	\$48,119.00	320.79%
Security	\$36,000.00	0.79%	\$9,000.00	25.00%	\$15,655.00	43.49%	\$43,875.00	121.88%
Executive	\$438,277.00	9.63%	\$109,569.25	25.00%	\$122,524.00	27.96%	\$436,548.00	99.61%
Legal	\$300,000.00	6.59%	\$75,000.00	25.00%	\$224,615.00	74.87%	\$643,325.00	214.44%
Human Resources	\$242,000.00	5.32%	\$60,500.00	25.00%	\$83,187.00	34.37%	\$287,629.00	118.85%
Sub-Total	\$1,438,077.00	31.61%	\$516,293.25	35.90%	\$649,812.00	45.19%	\$1,774,709.00	123.41%
TOTAL EXPENSES	\$4,549,185.00		\$1,325,359.10	29.13%	\$1,362,726.00	29.96%	\$3,770,287.00	82.88%
Revenue								
ConverDyn Fees	\$4,763,000.00	90.07%	\$1,190,750.00	25.00%	\$0.00	0.00%	\$398,388.00	8.36%
Interest Income	\$300,000.00	5.67%	\$75,000.00	25.00%	\$47,254.00	15.75%	\$180,694.00	60.23%
Rent, Other	\$225,000.00	4.25%	\$56,250.00	25.00%	\$52,376.00	23.28%	\$205,948.00	91.53%
TOTAL REVENUE	\$5,288,000.00		\$1,322,000.00	25.00%	\$99,630.00	1.88%	\$785,030.00	14.85%

2005 Financial Assurance Annual Budget Report

**SEQUOYAH FUELS CORPORATION
FINANCIAL ASSURANCE BUDGET - 2005**

Cost Center	2004 Annual Budget	% Total	1st Quarter Budget	% Budget	2nd Quarter Budget	% Budget	3rd Quarter Budget	% Budget	4th Quarter Budget	% Budget
EXPENSES										
Corrective Action										
SOW 1	\$2,359,500.00	58.28%	\$589,875.00	25.00%	\$589,875.00	25.00%	\$589,875.00	25.00%	\$589,875.00	25.00%
DP/CMP/EIS										
SOW 2	\$166,500.00	4.11%	\$16,650.00	10.00%	\$66,600.00	40.00%	\$16,650.00	10.00%	\$66,600.00	40.00%
ENV/CHAR. SAMPLG										
SOW 3	\$105,000.00	2.59%	\$26,250.00	25.00%	\$26,250.00	25.00%	\$26,250.00	25.00%	\$26,250.00	25.00%
WASTE WATER TRT										
Sub Total	\$2,631,000.00	64.99%	\$632,775.00	24.05%	\$682,725.00	25.95%	\$632,775.00	23.40%	\$682,725.00	25.95%
Administration										
Taxes & Depreciation	\$279,000.00	6.89%	\$17,298.00	6.20%	\$17,298.00	6.20%	\$37,107.00	13.30%	\$207,297.00	74.30%
Utilities	\$80,500.00	1.99%	\$20,125.00	25.00%	\$20,125.00	25.00%	\$20,125.00	25.00%	\$20,125.00	25.00%
Maintenance	\$30,000.00	0.74%	\$7,500.00	25.00%	\$7,500.00	25.00%	\$7,500.00	25.00%	\$7,500.00	25.00%
Security	\$38,000.00	0.94%	\$9,500.00	25.00%	\$9,500.00	25.00%	\$9,500.00	25.00%	\$9,500.00	25.00%
Executive	\$457,500.00	11.30%	\$114,375.00	25.00%	\$114,375.00	25.00%	\$114,375.00	25.00%	\$114,375.00	25.00%
Legal	\$250,000.00	6.18%	\$62,500.00	25.00%	\$62,500.00	25.00%	\$62,500.00	25.00%	\$62,500.00	25.00%
Human Resources	\$282,250.00	6.97%	\$70,562.50	25.00%	\$70,562.50	25.00%	\$70,562.50	25.00%	\$70,562.50	25.00%
Sub-Total	\$1,417,250.00	35.01%	\$301,860.50	21.30%	\$301,860.50	21.30%	\$321,669.50	22.70%	\$491,859.50	34.71%
TOTAL EXPENSES	\$4,048,250.00		\$934,635.50	23.09%	\$984,585.50	24.32%	\$954,444.50	23.58%	\$1,174,584.50	29.01%
Revenue										
ConverDyn Fees	\$0.00	0.00%	\$0.00	25.00%	\$0.00	25.00%	\$0.00	25.00%	\$0.00	25.00%
Interest Income	\$150,000.00	41.67%	\$37,500.00	25.00%	\$37,500.00	25.00%	\$37,500.00	25.00%	\$37,500.00	25.00%
Rent, Other	\$210,000.00	58.33%	\$52,500.00	25.00%	\$52,500.00	25.00%	\$52,500.00	25.00%	\$52,500.00	25.00%
TOTAL REVENUE	\$360,000.00		\$90,000.00	25.00%	\$90,000.00	25.00%	\$90,000.00	25.00%	\$90,000.00	25.00%

SOW - 1

PROJECT TITLE: Prepare and Implement Site Reclamation Plan and 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 and implementation of portions of these plans.

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:

2005 BUDGET - \$2,359,500

PROJECT JUSTIFICATION:

Federal regulation requires these steps to be completed as part of site 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:

2005 BUDGET - \$166,500.00

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:

2005 BUDGET - \$105,000.00

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.