

WESTERN NUCLEAR, INC.  
2801 Youngfield, Suite 340  
Golden, Colorado 80401  
(303) 274-1767 Fax: (303) 274-1762

Lawrence J. Corte  
President & General Manager

January 16, 2007

United States Nuclear Regulatory Commission  
Attn: Mr. Gary Janosko  
Mail Stop 8— F42  
Washington, DC 20555-001

Dear Mr. Janosko:

I am the President of Western Nuclear Inc., a wholly owned subsidiary of Phelps Dodge Corporation (the "Company") located at One North Central Avenue, Phoenix, Arizona 85004, a New York corporation. This letter is to update current cost estimate for completing decommissioning of the Split Rock Site, near Jeffrey City, Wyoming. Though final reclamation efforts are in progress and all site reclamation obligations are anticipated to be complete in early 2007, we do not request any change in the surety amount from the previous year. The amount has been adjusted for inflation by applying the percent difference between the October 2005 CPI (199.2) and the September 2006 CPI (202.9), to the 2006 surety amount (\$12,279,018). Therefore, the 2007 surety amount would be:

$$[(202.9 - 199.2) \div 199.2] = 0.0186 \qquad \$12,279,018 \times 1.0186 = \mathbf{\$12,507,407}$$

The Company's use of the financial test to demonstrate financial assurance using a parent company guarantee is consistent with NRC's 1988 *Technical Position on Financial Assurances for Reclamation, Decommissioning, and Long-Term Surveillance and Control of Uranium Recovery Facilities* ("Technical Position"). The financial resources of the Company have not changed significantly since 2006.

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 operated by a subsidiary of this Company. The current cost estimates or certified amounts for decommissioning, so guaranteed, are shown for such facility:

<u>Name and Location Facility</u>	<u>License Number</u>	<u>Certified Amounts or Current Cost Estimates</u>
Western Nuclear, Inc. Split Rock Facility 22 Ore Road Jeffrey City, Fremont County, Wyoming 82310	SUA-56	\$12,507,407

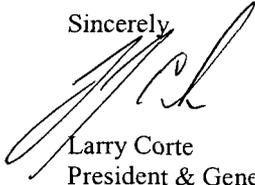
This Company is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year.

United States Nuclear Regulatory Commission  
January 16, 2007  
Page Two

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, 2005. A copy of the Company's most recent financial statements is enclosed.

I hereby certify that the content of this letter is true and correct to the best of my knowledge. Please contact me at your convenience if you have any questions regarding this submittal.

Sincerely

A handwritten signature in black ink, appearing to read 'L. Corte', written over the word 'Sincerely'.

Larry Corte  
President & General Manager  
Western Nuclear, Inc.