

From: Oscar Paulson - Bresnan - Proxy [oscar.paulson@bresnan.net]
Sent: Friday, September 26, 2008 6:28 PM
To: James Webb
Cc: Shelley (RTEA) Schutterle; Jack Welch; Oscar Paulson
Subject: Source Material License SUA-1350 - Surety/Standby Trust Agreement
Attachments: Kennecott-NRC Standby Trust0001.pdf

ADAMSAccessionNumber: ML082750035

James Webb:

I am corresponding via my home Bresnan.net e-mail account oscar.paulson@bresnan.net since I am at home today. The following has been done regarding the surety for Source Material License SUA-1350:

- As you are aware, the Letter of Credit for \$8,575,000.00 that currently provides the entire surety for SUA-1350 expires on October 1, 2008 as per the letter previously received by the Nuclear Regulatory Commission (NRC) from Wachovia Bank in Spring 2008.
- Kennecott Uranium Company planned on submitting a new surety (either a Letter of Credit or a bond) by the October 1, 2008 deadline along with a revised standby trust agreement (Eight Amended Standby Trust Agreement) that would replace the expiring Letter of Credit from Wachovia Bank as well as reflect the mandated inflation adjusted increase in the surety amount.
- Kennecott Uranium Company has been unable to obtain either a replacement Letter of Credit or a new surety bond due to the current upheaval/turmoil in the financial markets
- Due to this fact and the requirement to maintain mandated surety in place at all times, Kennecott Uranium Company has deposited on September 26, 2008, \$8,944,000.00 with Wells Fargo Bank of Salt Lake City, Utah, the current trustee under the current Seventh Amended Standby Trust Agreement, to be held in lieu of a Letter of Credit or a surety bond to provide adequate current surety for SUA-1350.
 - Documentation regarding this transfer is attached as the Adobe Acrobat Portable Document Format (*.pdf) file *Kennecott-NRC Standby Trust0001.pdf*. The current Seventh Amended Standby Trust Agreement will be revised to become the Eight Amended Standby Trust Agreement to reflect this change and will list the \$8,944,000.00 deposit as the source of funds for the Standby Trust in the event of default.
 - I had planned to call you after documentation of the transfer was received on Friday, September 26, 2008, however the documentation arrived too late in the day for me to call you.
- Wells Fargo Bank is working on creating an Eight Amended Standby Trust Agreement to reflect this change.
- In order that this is completed correctly and in a timely manner so that a completed Eight Amended Standby Trust Agreement is available by October 1, 2008, could you review the current Seventh Amended Standby Trust Agreement and provide any suggested changes so that a correct document can be provided without delay?
- Treasury Services is still working on securing a Letter of Credit, however until that is in place this deposit will serve as the surety
- If a Letter of Credit is obtained in the future, it will be submitted to the Nuclear Regulatory Commission (NRC) and upon approval, the current cash surety can be released.

On Monday, September 29, 2008 please reply to me at the office at oscar.paulson@riotinto.com. Please do not hesitate to call me at (307)-324-4924 or Jack Welch (Jack.Welch@riotinto.com) with Treasury Services in Salt Lake City, Utah at (801)-252-3526 if you have any questions.

Thank you!

Oscar Paulson

Facility Supervisor

E-mail Properties

Mail Envelope Properties (083a01c92027\$2953a210\$0100a8c0)

Subject: Source Material License SUA-1350 - Surety/Standby Trust Agreement
Sent Date: 09/26/2008 5:28:06 PM
Received Date: 09/26/2008 5:28:06 PM
From: Oscar Paulson - Bresnan - Proxy

Created By: oscar.paulson@bresnan.net

Recipients:

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Files	Size	Date & Time
MESSAGE	30945	09/26/2008
Kennecott-NRC Standby Trust0001.pdf	18066	

Options

Expiration Date:
Priority: olImportanceNormal
ReplyRequested: False
Return Notification: False

Sensitivity: olNormal
Recipients received: