

**SAFETY EVALUATION REPORT
AMENDMENT 21 OF LICENSE SNM-928 PURSUANT TO CHANGE
OF OWNERSHIP OF THE CIMARRON FACILITY
IN CRESCENT, OKLAHOMA**

Docket No.: 70-0925
License No.: SNM-928
Facility: Cimarron Facility
Technical Reviewer: Ken Kalman, MDB
Project Manager: Ken Kalman, MDB

1.0 Background

On January 12, 2009, Tronox Incorporated and 14 of its affiliates (collectively “Debtors”) filed voluntary petitions for reorganization under Chapter 11, Title 11 of the United States Code, 11 U.S.C § 1101 *et seq.*, as amended, in the United States Bankruptcy Court, Southern District of New York. Cimarron Corporation, a wholly owned subsidiary of Tronox Incorporated (“Cimarron”), a U.S. Nuclear Regulatory Commission (NRC) licensee, is a debtor in that case. On January 12, 2009, Debtors also informed the NRC by letter of the bankruptcy filing. By letter dated February 11, 2009, the NRC notified Cimarron of its continuing obligations under its NRC license to comply with NRC requirements. On January 26, 2009, the NRC advised the United States Department of Justice (“DOJ”) of its interest in the bankruptcy proceeding and on June 22, 2009, at DOJ’s request, the NRC submitted a Proof of Claim Referral.

Subsequently, Debtors and DOJ, on behalf of and together with certain Federal and State entities including the NRC, entered into settlement discussions with regard to certain sites owned by Debtors including sites with known or potential environmental contamination that are the subject of clean-up obligations under Federal, Tribal, and State environmental laws. Those discussions resulted in the development of a global environmental settlement agreement (Settlement Agreement). On November 23, 2010, the proposed Settlement Agreement was filed with the Bankruptcy Court. On January 26, 2011, the Bankruptcy Court entered an Order approving the Settlement Agreement.

The NRC, which had filed claims in bankruptcy against Cimarron, entered into the Settlement Agreement rather than involve the NRC in a protracted legal dispute over the limited funds that would be available for site remediation from Cimarron assets. The NRC believes that measures taken, pursuant to the Settlement Agreement, will permit remediation of the Cimarron Site to proceed in a timelier manner and will maximize the amount of funding available for the remediation of the Cimarron Site.

The Settlement Agreement provides that on the date that the Settlement Agreement becomes effective (“Effective Date”), Debtors will transfer all of their right, title and interest related to the Cimarron Site to an environmental response trust (“Cimarron Trust”). In accordance with the Settlement Agreement, the purpose of the Cimarron Trust shall be to: (i) act as successor to Debtors solely for the purpose of performing, managing, and funding implementation of all

decommissioning and/or site control and maintenance activities pursuant to the terms and conditions of the Cimarron License and an NRC-approved decommissioning plan, and all environmental actions required under Federal or State law; (ii) own the Cimarron Site; (iii) carry out administrative functions related to the performance of work by or on behalf of the Cimarron Site; (iv) fulfill other obligations as set forth in the Settlement Agreement; (v) pay certain regulatory fees and oversight costs; and (vi) ultimately sell, transfer or otherwise dispose or facilitate the reuse of all or part of the Cimarron trust assets, if possible. In conjunction with the development of the Settlement Agreement, DOJ, the NRC, and the State of Oklahoma undertook to identify a Trustee to administer the Cimarron Trust. Environmental Properties Management, LLC, not individually but solely in its representative capacity as Cimarron Trustee, has been appointed as the Cimarron Trustee to administer the Cimarron Trust and the Cimarron Trust Accounts, in accordance with the Settlement Agreement and a Cimarron Environmental Response Trust Agreement (“Cimarron Trust Agreement”) materially consistent with the Settlement Agreement to be separately executed by the parties.

The Settlement Agreement further provides that on or before the Effective Date, with the approval of the NRC and in accordance with the Atomic Energy Act of 1954, as amended (42 USC § 2011 et seq.) and applicable regulations in 10 CFR Part 70, the Radioactive Materials License SNM-928 held by Cimarron Corporation shall be transferred to the Cimarron Environmental Response Trust; administered by transferred to Environmental Properties Management, LLC, pursuant to an Order Transferring License issued by the NRC.

2.0 Technical Evaluation and Recommendation

The transfer of License SNM-928 from Cimarron Corporation to the Cimarron Environmental Response Trust necessitates administrative amendments to the license. License Condition 1 will be amended to change the name of the licensee from Cimarron Corporation to Cimarron Environmental Response Trust. License Condition 2 will be amended to change the address of the licensee to:

Cimarron Environmental Response Trust
c/o Environmental Properties Management, LLC
9400 Ward Parkway
Kansas City, MO 64114

License Condition 26, 27b, and 27c will be amended to change the reference to the licensee from “Cimarron” to “the Licensee”.

The 2nd paragraph in license condition 27(e)3 currently states:

The designee with managerial and financial responsibility shall be employed by the licensee or the licensee’s parent company. The designees for decommissioning of the site and the Radiation Safety Officer or equivalent, shall be retained by the licensee or the licensee’s parent company. Except for the representative of management, ALARA Committee members may be consultants.

As the licensee (the Trust) will have no employees and no parent company this license condition was revised to state:

The designee with managerial and financial responsibility shall be employed by the licensee's Trustee. The designees for decommissioning of the site and the Radiation Safety Officer or equivalent, shall be retained by the Trustee. Except for the representative of management, ALARA Committee members may be consultants.

Remediation of the Cimarron Site is to be conducted in accordance with the terms and conditions of the License Transfer Order, License SNM-928, the Settlement Agreement, and the Cimarron Trust Agreement. The Trustee has agreed to these terms and conditions.

The NRC staff has determined that, the proposed revisions are protective of health and safety, and meet the requirements of Title 10, Section 20.1101, "Radiation Protection Programs," of the *Code of Federal Regulations* (10 CFR 20.1101). This licensing action belongs to a category of actions that are eligible for categorical exclusion under 10 CFR Part 51.22(c)(11). Under 10 CFR Part 51.22(c)(11) no further environmental review is required for the proposed action if: (1) there is no significant change in the types or significant increase in the amounts of any effluents that may be released offsite; (2) there is no significant increase in individual or cumulative occupational radiation exposure; (3) there is no significant construction impact; and (4) there is no significant increase in the potential for or consequences from radiological accidents.

3.0 References

1. Consent Decree and Environmental Settlement Agreement, U.S. Department of Justice, January 26, 2011, Agencywide Documents Access and Management System (ADAMS) Accession No. ML110320603.
2. Cimarron Environmental Response Trust Agreement, U.S. Department of Justice, February 14, 2011, ADAMS Accession No. ML110450212.