

Kennecott Uranium Company
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Via Courier

21 February 2011

Mr. Keith McConnell, Deputy Director
Decommissioning and Uranium Recovery Licensing Directorate
Division of Waste Management and Environmental Protection
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Rockville, MD 20852-2738

Dear Mr. McConnell:

Subject: Docket Number: 040-08584 – Source Material License SUA-1350 License Condition 9.7 – Surety Submittal/Revised Tenth Amended Standby Trust Agreement and Response to the Request for Additional Information Received via Email on Thursday, February 3, 2011

Enclosed please find three (3) originals of the Revised Tenth Amended Standby Trust Agreement. This agreement amends the existing standby trust agreement to substitute a financial guarantee bond in place of the existing irrevocable letter of credit and changes the listed surety amount to \$10,318,000.00.

The following is in response to the Request for Additional Information (RAI) received via email on Thursday, February 3, 2011:

- Comment 1 –
The attached revised Tenth Amended Standby Trust Agreement addresses this comment, since it includes language amending Schedule B as a third bullet item ahead of the sentence which states, "In all other provisions, the language of the Standby Trust Agreement, as amended, shall remain the same."
- Comment 2 –
In a telephone conversation with and subsequent email to James Webb on Thursday, February 3, 2011, it was explained that the originally signed documents were sent directly to Keith I. McConnell. In a telephone conversation on Monday, February 7, 2010, James Webb stated that the original documents had been found. This comment has been addressed.

Upon your review and approval of the Tenth Amended Standby Trust Agreement, please execute all copies and return two (2) copies to Kennecott Uranium Company at the letterhead address. One will be retained and one forwarded to the trust officer at Wells Fargo Bank N.A.

If you have any questions please do not hesitate to contact me.

Sincerely yours,



Oscar Paulson
Facility Supervisor

cc: James Webb – NRC, Project Manager
Director, DNMS, Region IV (w/o attach)
Rich Atkinson
Cristina Ceron
Julie Mok

Tenth Amended Standby Trust Agreement

This tenth (10th) Amendment entered into this 30th day of December, 2010 by and between Kennecott Uranium Company, a Delaware corporation, (the "Grantor") and Wells Fargo Bank, N.A., (the "Trustee").

Whereas, the Grantor and the Trustee entered into a Standby Trust Agreement, initially dated as of March 25, 1998 and subsequently amended, most recently by the Ninth Amendment dated as of March 25, 2010 (said Standby Trust Agreement and all amendments thereto hereinafter referred to as the "Standby Trust Agreement"); and

Whereas, the Grantor has elected to replace the existing letter of credit issued in favor of the United States Nuclear Regulatory Commission ("NRC") under the Standby Trust Agreement and substitute a financial guarantee bond in its stead; and

Whereas, the "Cost Estimate" as listed on Schedule A of the Standby Trust Agreement is being increased;

Now, therefore, the Grantor and Trustee agree as follows:

1. Amendment of second (2nd) "Whereas" clause: the second (2nd) Whereas clause in the existing Ninth Amended Standby Trust Agreement is hereby deleted in its entirety and amended so that it reads as follows:

"WHEREAS, the Grantor has also elected to establish a financial guarantee bond for the benefit of the NRC to provide for all or part of the such financial assurance for the facilities identified herein; and"

2. Schedule A is hereby amended so that the description of the box labeled "COST ESTIMATES FOR WHICH FINANCIAL ASSURANCES ARE BEING DEMONSTRATED BY THIS AGREEMENT" reads as follows:

"\$10,318,000.00 per NRC acceptance of Grantor's calculation as contained in Grantor's letter dated October 7, 2010"

3. Schedule B is hereby amended to read as follows:

The Standby Trust is initially unfunded. Future contributions to the Standby Trust will initially consist of funds designated for deposit in accordance with the terms of a Financial Guarantee bond No. [REDACTED], as amended, in the amount of \$10,318,000 issued by Fidelity and Deposit Corporation of Maryland in favor of NRC.

In all other provisions, the language of the Standby Trust Agreement, as amended, shall remain the same.

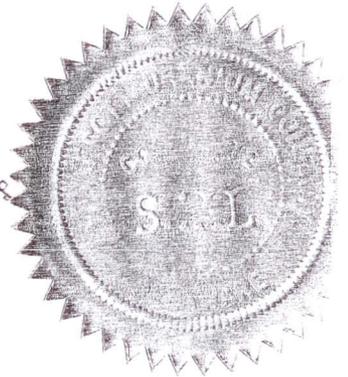
IN WITNESS WHEREOF, the parties have caused this tenth (10th) Amendment to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written.

Grantor:

Kennecott Uranium Company

By: Bernd Beyer
Name: Bernd Beyer
Title: Treasurer

Attest:
By: Luisa Danusa
Title: COMMISSIONER FOR OATHS



Trustee:

Wells Fargo Bank, N.A.

By: Bruce F. Lewis
Name: Bruce F. Lewis
Title: Vice President

Attest:
By: Debra M. Payne
Title: Vice President



Beneficiary:

Nuclear Regulatory Commission

By: _____
Name: _____
Title: _____

Attest:
By: _____
Title: _____

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimate(s) for the following uranium recovery facility (ies):

U.S. NUCLEAR REGULATORY COMMISSION LICENSE NUMBER	NAME OF FACILITY	ADDRESS OF FACILITY	COST ESTIMATES FOR WHICH FINANCIAL ASSURANCES ARE BEING DEMONSTRATED BY THIS AGREEMENT
SUA – 1350	Sweetwater Uranium Project	42 Mi. NW of Rawlins, WY P.O. Box 1500 Rawlins, WY 82301-1500	\$10,318,000 per NRC acceptance of Grantor's calculation as contained in Grantor's letter dated October 7, 2010

SCHEDULE B

AMOUNT \$ -0-
AS EVIDENCED BY: (1)

(1) The Standby Trust is initially unfunded. Future contributions to the Standby Trust will initially consist of funds designated for deposit in accordance with the terms of a Financial Guarantee bond No. [REDACTED], as amended, in the amount of \$10,318,000 issued by Fidelity and Deposit Corporation of Maryland in favor of NRC.