

UNITED NUCLEAR CORPORATION



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March 28, 2011

Mr. Keith I. McConnell, Deputy Director
Decommissioning and Uranium Recovery Licensing Directorate
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and Environmental Management Programs
U.S. Nuclear Regulatory Commission
Mail Stop T-8F5
11545 Rockville Pike
Rockville, Maryland 20852

Subject: Church Rock Financial Surety Update - Source Material License No. SUA-1475

Dear Mr. McConnell:

Source Materials License No. SUA-1475, License Condition 25, requires that United Nuclear Corporation (UNC) provide an annual update of the surety amount and maintain a Nuclear Regulatory Commission (NRC) approved surety arrangement, consistent with 10 CFR 40, Appendix A, Criteria 9 and 10. This letter transmits the annual surety update.

UNC completed a comprehensive re-baseline of the surety requirement that was submitted in September 2004. The conditions used in the re-baselined surety calculation have not changed from the re-baselined adjustment. Additionally, a Site-Wide Supplemental Feasibility Study (SWSFS), directed by U.S. Environmental Protection Agency (EPA) in 2005, is in progress at the site. In September 2010, the EPA issued interagency comments to UNC on the SWSFS. Completion of the SWSFS is expected to occur in late-summer 2011. Once the SWSFS is complete, a review of the study results will be conducted and where applicable, compared against the conditions used in the initial re-baseline calculation.

As a result of continued steady-state conditions at the site and the ongoing SWSFS, the only proposed change to the annual surety amount takes into account the 1.9% increase in the consumer price index for all urban consumers from March 2010 through February 2011. It is recommended that the surety amount be increased from \$3,055,040 to \$3,113,086 and the license be amended to reflect the change.

I will forward a copy of the bond to you as soon as I receive the reissued certificate rider.

During the annual financial surety review, UNC identified a correction that needs to be made to License Condition 25 with respect to the financial assurance that is maintained in favor of the USEPA. The USEPA financial assurance is a static \$2,000,000 requirement. Apparently, when license amendment 38 was issued on November 30, 2006, the NRC inadvertently assigned the new NRC surety requirement (in the amount of \$2,803,663) to both the NRC surety bond and the USEPA surety. This error has carried through in all subsequent license revisions. The next amendment to License Condition 25 should return the USEPA amount to \$2,000,000.

As of September 1997, UNC became a wholly-owned, indirect subsidiary of the General Electric (GE) Company. GE Corporate Environmental Programs have been retained through a separate administrative services agreement to assist UNC both technically and administratively with environmental issues at the Church Rock site. Please contact me or Roy Blickwedel at GE if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Bush", written over a horizontal line.

Larry Bush, Vice President

cc: Roy Blickwedel, GE (via E-mail)
Yolande Norman, NRC (via E-mail)
NRC Region IV