

UNITED NUCLEAR CORPORATION



P.O. Box 3077
Gallup, New Mexico 87305-3077

Telephone: (505) 905-6651
Fax: (505) 905-6654

March 21, 2012

ATTN: Document Control Desk
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
11545 Rockville Pike
#2 White Flint, Mail Stop T7 E-18
Rockville, MD 20852-2738

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. Completion of the SWSFS is expected to occur in late-summer 2012. 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 2.9% increase in the consumer price index for all urban consumers from March 2011 through February 2012. It is recommended that the surety amount be increased from \$3,113,086 to \$3,203,116 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.

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".

Larry Bush, Vice President

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