

Kennecott Uranium Company
42 Miles NW of Rawlins
P.O. Box 1500
Rawlins, WY 82301-1500
USA
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F +1 (307) 324 4925

27 December 2010

Mr. Keith I. 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/Financial Guarantee Bond**

Enclosed please find the following document:

- **Financial Guarantee Bond No. [1]** from Fidelity and Deposit Company of Maryland, in the amount of USD \$10,318,000.00.

Upon your review and approval of the enclosed Financial Guarantee Bond please supply a letter of acceptance and approval to Kennecott Uranium Company. The Tenth Amended Standby Trust Agreement will be sent under separate cover as soon as it is available.

The new surety amount was approved by letter dated October 7, 2010. Submittal of this Financial Guarantee Bond at this time should satisfy License Condition 9.7 of SUA-1350 that states in part, "The revised surety amount will be in effect within three (3) months of written NRC approval."

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

Sincerely yours,



Oscar Paulson
Facility Supervisor

cc: James Webb, Project Manager (2)
Director, DNMS, Region IV (w/o attach.)
Rich Atkinson
Cristina Ceron

FSME21

KENNECOTT URANIUM COMPANY
SECRETARY'S CERTIFICATE

As Assistant Secretary of Kennecott Uranium Company, a Delaware corporation (the "Corporation"), I certify the following is a true copy of resolutions adopted by the Board of Directors on 14 October 2009, which resolutions have not been amended and remain effective on this date:

ADOPTION OF RESTATED BANKING RESOLUTIONS:

IT IS RESOLVED that the Treasurer and any Assistant Treasurer are, and any one of them acting singly is, authorized to:

- (i) establish and close bank accounts, brokerage accounts and lines of credit in the name of the Corporation;
- (ii) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to sign checks, drafts or transfers drawn on any accounts opened in the name of the Corporation and to revoke such authority, which authorized signatures may be affixed to any check or other instrument for the payment of money by printing, facsimile stamp or any other mechanical device, and the bank is hereby authorized to rely upon and accept as genuine any such printed, facsimile stamp or mechanical signature without any duty to determine the genuineness thereof or whether the affixing thereof has been authorized by the Corporation or the officer, employee or agent whose name is affixed;
- (iii) make and direct investments of funds including specifically, but not limited to, the establishment and maintenance of accounts for the purchase and sale of commodity futures, commodity options (on futures or physicals), foreign futures and options, commodity forward contracts and physical commodities (including currencies) and the closure of such accounts;
- (iv) designate the officers, employees or agents of the Corporation (including themselves) who are authorized to transact business, enter buy or sell orders, trade and invest or sell investments with respect to any accounts

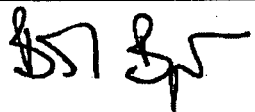


opened in the name of the Corporation and to revoke such authority;

- (v) execute, in the name of the Corporation, such bonds, guarantees and other types of indemnification agreements as they deem advisable; and
- (vi) contract for the issuance of letters of credit and execute such contracts, instruments and evidences of indebtedness as may be advisable or required in connection with the issuance, including without limitation, any modifications, renewals and/or extensions of such letters of credit;

and it is further

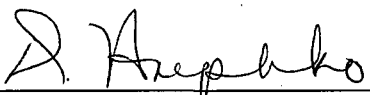
RESOLVED that the above banking resolutions shall supersede all other banking resolutions previously adopted by the Corporation.

I further certify that (1) each of the persons listed below has been appointed and is presently serving in the position set forth to the right of his or her name; and (2) to the right of such position is his or her genuine specimen signature.

NAME OF OFFICER	POSITION	SIGNATURE
Bernd Beyer	Treasurer	
Franck Bertoux	Assistant Treasurer	
Oliver Wolfensberger	Assistant Treasurer	

DATED AND SEALED this 21st day of December 2010.





Diane Hryshko, Assistant Secretary

FINANCIAL GUARANTEE BOND

Date Bond executed: December 20, 2010

Effective date: December 20, 2010

Legal name and address of Principal for service of process: [Legal name and business address of licensee or applicant]: Kennecott Uranium Company ("Sweetwater Uranium Project")
P.O. Box 1500, Rawlins, Wyoming 82301-1500

Principal's Address for service of process: (if different from business address):
Kennecott Uranium Company, Sweetwater Uranium Project, 42 miles Northwest of Rawlins,
Rawlins, Wyoming 82301

Type of Organization: Corporation

State of Incorporation: Delaware (if applicable):

NRC license number, name and address of facility, and amount(s) for decommissioning activity guaranteed by this bond: Source Material License: SUA-1350, Sweetwater Uranium Project, 42 miles Northwest of Rawlins, Rawlins, Wyoming 82310 located in Township 24 North, Range 93W, Sweetwater County, Wyoming. Amount of decommissioning activities guaranteed by this bond: \$10,318,000.00

Surety(ies) name(s) and business address(es) for service of process:
Fidelity and Deposit Corporation of Maryland,

3003 Summit Blvd., Suite 1800, Atlanta, GA 30319-1474

Total penal sum of Bond: \$10,318,000.00

Surety Bond No. **[Financial Information Withheld Under 10 CFR 2.390]**

Know All Persons By These Presents, That we, the Principal and Surety hereto are firmly bound to the U.S. Nuclear Regulatory Commission (NRC), (hereinafter called NRC), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety (ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

WHEREAS, the NRC, an agency of the United States Government, pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, and the Uranium Mill Tailings Radiation Control Act of 1978, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40, Appendix A, Criteria 9 and 10. These regulations, applicable to the Principal, require that a licensee of a uranium recovery facility shall provide assurance that funds

will be available when needed in accordance with the approved Reclamation and Decommissioning Plan and also for any long-term surveillance and control of the uranium recovery facility. WHEREAS, said Principal shall establish a standby trust fund when a surety bond is used to provide such financial assurance.

NOW, THEREFORE, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of reclamation and decommissioning of each facility identified above, fund the standby trust fund in the amount(s) identified above for the facility;

Or, if the Principal shall fund the standby trust fund in such amount(s) after an order to begin reclamation and decommissioning is issued by an NRC or a U.S. District Court or other court of competent jurisdiction;

Or, if the Principal shall provide alternative financial assurance, and obtain the NRC's written approval of such assurance, within 30 days after the date a notice of cancellation is received by the Principal and the NRC from the Surety(ies), then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by NRC that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the facility(ies) into the standby trust fund, as directed by NRC.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the NRC provided, however, that cancellation shall not occur during the 90 days beginning on the date of receipt of the notice of cancellation by both the Principal and the NRC, as evidenced by return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies), provided, however, that no such notice shall become effective until the Surety(ies) receive written authorization for termination of the bond by the NRC.

Principal and Surety(ies) hereby agree to adjust the penal sum of said bond yearly so that it guarantees a new reclamation, decommissioning, and long-term surveillance and control amount; provided, that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the NRC.

In Witness Whereof, the Principal and Surety(ies) have executed this Financial Guarantee Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify (or declare) that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies).

Principal Kennecott Uranium Company



Signature of Authorized Representative

Corporate Seal of Principal



Name Franck Bertoux


Title Assistant Treasurer

Fidelity and Deposit Company of Maryland

Address: 3003 Summit Blvd., Suite 1800, Atlanta, GA 30319-1474

State of incorporation: Maryland

Liability limit: \$10,318,000.00

Surety 

Signature of Authorized Representative

Corporate Seal of Surety



Name: Joseph R. Poplawski

Title: Attorney-in-Fact

Bond Premium: \$61,908 per annum

Attest:
A. Anyshko
Assistant Secretary

EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages, and to affix the seal of the Company thereto."

CERTIFICATE

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 20TH day of DECEMBER, 2010.

Gerald F. Halley
Assistant Secretary

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by WILLIAM J. MILLS, Vice President, and ERIC D. BARNES, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **Joseph R. POPLAWSKI, Elizabeth A. HARTZBERG, Tara W. MEALER and Mary Y. VOLMAR, all of Knoxville, Tennessee, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: ~~any and all bonds and undertakings, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons.~~ This power of attorney revokes that issued on behalf of Joy M. WILLIAMS, Joseph R. POPLAWSKI, Elizabeth A. HARTZBERG, Carolyn E. WHEELER, dated May 25, 2006.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 26th day of October, A.D. 2006.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



Eric D. Barnes

Eric D. Barnes Assistant Secretary

William J. Mills

By: *William J. Mills* Vice President

State of Maryland }
City of Baltimore } ss:

On this 26th day of October, A.D. 2006, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came WILLIAM J. MILLS, Vice President, and ERIC D. BARNES, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposed and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Maria D. Adamski

Maria D. Adamski Notary Public
My Commission Expires: July 8, 2011