

November 8, 2017

Mr. Ken Kalman
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD 20852-2738

Mr. Paul Davis
Oklahoma Department of Environmental Quality
707 North Robinson
Oklahoma City, OK 73101

Mr. Robert Evans
U.S. Nuclear Regulatory Commission
1600 East Lamar Blvd; Suite 400
Arlington, TX 76011-4511

Re: Docket No. 70-925; License No. SNM-928
Purchase Offer for Two Acres Containing the Site Office Building

Dear Sirs:

In 2011, as part of the sale process for the 24 acres containing the process buildings, EPM retained Lloyd Lentz Company, Real Estate Appraisers, to perform an appraisal of a parcel containing 26 acres of land and the three buildings that remain on site. Between the time of that appraisal and the eventual sale of the property, EPM decided that it was not financially prudent to sell the office building and then incur the expense of leasing it indefinitely. Consequently, approximately two acres of property containing the office building was excluded from the sale of the land containing the former processing buildings. These two acres are located within Subarea I, which was released for unrestricted use in Amendment 17 to license SNM-928 in April 2001. There is no evidence of environmental impact to this property.

Prior to selling the 24-acre property to Cimarron Holdings, Tom Stewart (President of Cimarron Holdings) requested that EPM consider including the two acres that contain the office building in the sale. EPM explained its position that retaining ownership of that parcel would eliminate the need to lease office space, thereby avoiding additional cost to the Trust.

Mr. Stewart is understandably concerned about maintaining access from Highway 74 to the property Cimarron Holdings purchased. He would like to own that small parcel on which the office is located to ensure long-term unobstructed access. He has stopped by our offices numerous times to discuss the possibility of purchasing that property. We have told him that EPM plans to relocate its offices to the Western Area Treatment Facility (WATF) after construction of the full-scale remediation system.

Mr. Ken Kalman
U.S. Nuclear Regulatory Commission
November 8, 2017
Page 2

I've told Mr. Stewart that EPM would not be willing to consider selling this 2-acre parcel prior to EPM's relocation to the WATF unless he could present an offer which A) provides fair value for the property, and B) yields sufficient benefit to the Trust. He has returned periodically to discuss various options, and recently produced an offer that we believe justifies the sale of the property to Cimarron Holdings. Recently, Mr. Stewart sent a letter dated October 4th, to EPM (attached) containing an offer to purchase the property in a way that would be beneficial to both the Trust and Cimarron Holdings. EPM believes this is now worth pursuing.

The appraisal Mr. Lentz performed in 2011 assigned a value of \$12,899 to the office building. Since that appraisal was performed, the following three maintenance issues have arisen, which have not been addressed by EPM due to its intent to vacate the facility within a couple of years:

- The roof has begun to leak into the office occupied by the Trustee Project Manager.
- Gutters are leaking and the connection between two of the downspouts and the gutters have rusted enough that the downspouts detached and fell off.
- The drain line between the men's restroom and the septic tank has collapsed and requires replacement. In addition, the drain from the sink in the men's restroom has begun leaking.

Another issue involves a pre-existing condition – the improper installation of the HVAC system in the building. It was installed in a manner that makes it impossible to install an air filter.

Mr. Stewart is now offering to pay the same \$2,500 per acre that he paid for the southwest quarter of Section 12, plus \$13,000 for the office building, for a total of \$18,000. Cimarron Holdings would allow EPM to continue to occupy the office building, at no cost, until its offices can be relocated to the WATF. In addition, Cimarron Holdings will take over the maintenance of the office building, and Cimarron Holdings would absorb the cost of lawn maintenance. Although his letter only commits to repairing the restroom drain line and the HVAC system, he has indicated that Cimarron Holdings will also repair the roof and gutters/downspouts to avoid continuing deterioration of the roof and building. Those requirements can be included in a Purchase and Sale Agreement. A no-cost lease agreement would be included as an attachment to the Purchase and Sale Agreement.

EPM would continue to pay for utilities, office cleaning, and consumable supplies used in the office until relocating its facilities, and have unrestricted access to the office building and through Cimarron Holdings' property to the remediation site.

Mr. Ken Kalman
U.S. Nuclear Regulatory Commission
November 8, 2017
Page 3

Cimarron Holdings would benefit, because owning this property would guarantee unobstructed access to its property. Mr. Stewart indicated that their gate would be relocated to the fence near Highway 74.

The Trust benefits because EPM would be able to continue to occupy the building at no expense, and Cimarron Holdings would take on the expense of lawn maintenance and perform repairs that will improve the offices that EPM occupies at no expense to the Trust. Because the office building contains radiological sources and instruments, as well as two drums containing radiologically impacted or potentially impacted waste (e.g., bagged resin, treatability test material, etc.), the Purchase and Sale Agreement would provide for EPM's exclusive access to the locked areas in which those materials are stored.

EPM proposes that NRC and DEQ approve EPM decision to pursue the sale of this property, contingent upon the execution of a Purchase and Sale Agreement and a no-cost lease agreement that is acceptable to NRC, DEQ, EPM, and Cimarron Holdings. If you have questions or desire clarification, please call me at 405-642-5152 or e-mail me at jlux@envpm.com.

Sincerely,



Jeff Lux, P.E.
Project Manager

Enclosure

cc: Bill Halliburton, Trust Administrator
NRC Document Control Desk (electronic copy only)



(405) 641-9730
P.O. Box 190
Guthrie, Ok 73044

Mr. Bill Halliburton

October 4, 2017

Trust Administrator

Environmental Properties Management LLC

9400 Ward Parkway

Kansas City, MO 64114

Dear Mr. Halliburton:

On a number of occasions I have discussed the acquisition of the small parcel of land and the office building that Environmental Properties Management LLC (EPM) now occupies at the entrance of our facility with Jeff Lux, the Trustee Project Manager. He has explained that once the new treatment facility is completed, EPM plans to relocate their offices to that facility. He has advised us that after the relocation of their offices, the land occupied by the current office building may be available for purchase.

Cimarron Holdings recently provided a cost estimate to EPM for the repair of a collapsed sewer line extending from the men's restroom to the septic tank north of the EPM office building. We also understand that modifications to the furnace installation are required to provide for needed maintenance (an air filter cannot be inserted or replaced as the system was and is currently installed). We also understand that maintenance of the roof and gutters/downspouts is needed. It is our understanding that EPM has elected to forgo these repairs in light of the pending move and the noncritical nature of the repair.

Cimarron Holdings desires to ensure the eventual ownership of the approximately two acres of property currently occupied by the EPM office, because access to our operating facilities is through that property. Both to ensure the ownership and control of the entrance to its facility, and to minimize the potential for additional deterioration of the EPM office building before Cimarron Holdings can acquire it, I would like to acquire that small parcel of property as well as the office building as soon as possible.

Mr. Lux has advised us that there is little incentive to EPM to conduct this transaction now since the property containing their office facilities represents little cost, since no rent or lease payments are needed, and except for mowing, cleaning and maintaining consumables, there is no cost to the Trust to maintain an office at the site.

Before Cimarron Holdings purchased the 24-acre property containing the former processing buildings, the Trust retained Lloyd Lentz to perform an appraisal of that property (at that time it included the approximately two acres containing the office buildings). It is our understanding that the building was valued at approximately \$13,000. Based on the sale of the property at approximately \$2,500 per acre, the two acres of land the building occupies would be worth approximately \$5,000. The land and building are therefore worth approximately \$18,000, or would be if the afore-mentioned repairs had been made.

Primarily to gain secure access to the Cimarron Holdings facility in the future, we have discussed several concepts which may yield a tangible benefit to the Trust with Mr. Lux. Cimarron Holdings is willing to make the following offer to the Trust.

Cimarron Holdings proposes to purchase the property for \$18,000 and to allow EPM to occupy the facility rent-free until it relocates its offices to the new treatment facility when completed. Cimarron Holdings will take over the maintenance of the building and land at its expense, and will perform the repairs to the restroom and drain line and the HVAC installation within 6 months of the purchase of the facility.

Cimarron Holdings believes this is a win-win situation for both the Trust and Cimarron Holdings. The Trust benefits by:

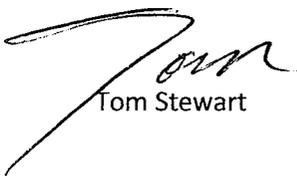
1. Receiving fair value for the property in current year dollars.
2. Realizing the benefits of maintenance work at no cost and
3. Eliminating the expense associated with mowing and maintaining the lawn.

Cimarron Holdings would benefit by ensuring control and access to its operating facilities.

Cimarron Holdings would propose that EPM will continue to pay for utilities (electric and water), trash removal, office cleaning and consumables such as paper goods, cleaning supplies, etc. All other maintenance expenses, such as lawn mowing, would be paid for by Cimarron Holdings and EPM would pay no rent. Cimarron Holdings would agree to the same ingress and egress rights through Cimarron Holdings property as with the purchase and sale agreement executed for the 24-acre property.

Cimarron Holdings request that the beneficiaries of the Trust review this proposal and concur that the sale of this property is in the best interests of both the Trust and Cimarron Holdings. Any feedback you can provide that might expedite such a transaction would be appreciated.

With Best Regards



Tom Stewart