



ATLAS CORPORATION

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RICHARD E. BLUBAUGH
Vice President of Environmental
and Governmental Affairs

February 23, 1994

Joseph J. Holonich
Uranium Recovery Branch
Division of Low-Level Waste Management
and Decommissioning, NMSS (5 E2)
US Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD 20850

RE: License SUA-917
Docket No. 40-3453
Response to NOV

Dear Mr. Holonich:

This is in response to the February 4, 1994 letter from Ramon E. Hall concerning the Notice of Violation (NOV) dated December 28, 1993, which we received February 9, 1994. The February 04, 1994 letter was discussed with Mr. Hall on February 02, 1994, and with Mr. E. Hawkins on February 11, 1994. As a result of those conversations our understanding is that Atlas needs to specify what has been, or will be, done to prevent the alleged violation from occurring again. Also, Atlas needs to request an amendment to License Condition No. 42.

Atlas hereby requests the NRC amend License Condition No. 42 of License SUA-917 to show that Atlas' currently approved surety instrument is Irrevocable Letter of Credit (ILOC) No. S800222 issued by the Norwest Bank Denver (Norwest) in favor of the NRC. The ILOC shall be maintained in an amount no more than \$6,500,000, and will be automatically extended for a period of one year on each successive expiration date (December 31st), unless, at least 90 days before the current expiration date, Norwest notifies NRC and Atlas of its intent not to renew.

It is important to recall that Atlas came under new management September 21, 1993, and that there were ongoing discussions between Atlas and the NRC regarding the change of control and the need to replace the surety instrument previously held by the Bank of America, and that not once during these discussions was it mentioned that we were, or were going to be, in non-compliance with the License. These discussions occurred right up to the day the

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replacement was established and submitted to NRC, in early December. Consequently, Atlas does not agree that it violated the License. It is our view that since NRC had indicated that it would not adjust the amount of the surety due to the ongoing review of the reclamation plan and that we had notified the NRC of the change in control of the Company, that we had satisfied the requirement of License Condition No. 42.

Nevertheless, Atlas will take additional steps to assure the NRC that it will submit an annual update to the surety at least three months prior to the anniversary date, which is designated as December 31 of each year. Reminders have been installed on the computer calendars of Richard Blubaugh, Jude Doiron (Assistant to Mr. Blubaugh), and David Potratz, Corporate Secretary. Additionally, Earnst & Young, the Corporate Auditor, has added a reminder to its calendar to notify Atlas August 31 that it must prepare the annual surety update. These additional reminders will assure that the deadline for submitting the annual update is not missed.

Atlas is working with Norwest on the establishment of a Standby Trust. There are a few questions which I have discussed with Allan Mullins and Norwest. We anticipate the Standby Trust will be established during the month of March.

I trust this responds to the concerns raised in the February 4, 1994 letter. Please contact me at your convenience if you have any questions concerning this response.

Sincerely,



Richard E. Blubaugh

cc: M. Gross
Ramon E. Hall, URFO