

January 4, 1991

**Certified Mail
Return Receipt Requested**

Ms. Merri Horn
Uranium Fuel Section
Fuel Cycle Safety Branch
Division of Industrial and Medical
Nuclear Safety, NMSS
U.S. NUCLEAR REGULATORY COMMISSION
Washington, D.C. 20555

RE: License SUB-1010; Docket No. 40-8027
Decommissioning Financial Assurance

Dear Ms. Horn:

Pursuant to our telephone conversation of October 4, 1990, you requested Sequoyah Fuels Corporation (SFC) to address the following deficiencies related to our 07/26/90 financial assurance submittal:

- 1) The irrevocable standby letter of credit from SFC and from Citibank did not match;
- 2) No "acknowledgement" from Citibank; and
- 3) The Certification of Financial Assurance did not appear to have a corporate seal affixed.

Please find enclosed with this letter documents to correct the above noted deficiencies. Should you have any questions or require further information, please contact me at 918/489-3207.

Best regards,

Lee R. Lacey
Vice President
Regulatory Affairs

LRL:nv

Enclosures

xc: A. Bill Beach, NRC - Region IV
Keith E. Asmussen, General Atomics

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PDR

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NORTH AMERICAN FINANCE GROUP - TRADE FINANCIAL SERVICES
SUITE # 3875
111 WALL STREET NEW YORK, NY 10048

JULY 27, 1990

U.S. NUCLEAR REGULATORY
COMMISSION
WASHINGTON, DC 20555

REF: IRREVOCABLE LETTER OF CREDIT NO. NY-0656-30007152

GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. NY-0656-30007152 IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF SEQUOYAH FUELS CORP., P.O. BOX 610 BORE, OKLAHOMA, UP TO THE AGGREGATE AMOUNT OF SEVEN HUNDRED FIFTY THOUSAND U.S. DOLLARS (US \$750,000.00), AVAILABLE UPON PRESENTATION OF:

(1) YOUR SIGHT DRAFT DRAWN ON US BEARING REFERENCE TO THIS LETTER OF CREDIT NO. NY-0656-30007152, AND

(2) YOUR SIGNED STATEMENT READING AS FOLLOWS: "I CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO REGULATIONS ISSUED UNDER AUTHORITY OF U.S. NUCLEAR REGULATORY COMMISSION.

WE HAVE BEEN ADVISED BY OUR CLIENT THAT THIS LETTER OF CREDIT RELATES TO REGULATIONS ISSUED UNDER THE AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION (NRC), AN AGENCY OF THE U.S. GOVERNMENT, PURSUANT TO THE ATOMIC ENERGY ACT OF 1954 AS AMENDED, AND THE ENERGY REORGANIZATION ACT OF 1974, AND THAT THE NRC HAS PROMULGATED REGULATIONS IN TITLE 10, CHAPTER 1 OF THE CODE OF FEDERAL REGULATIONS, PART 40 WHICH REQUIRE THAT A HOLDER OF, OR AN APPLICANT FOR, A LICENSE ISSUED UNDER 10 CFR PART 40 PROVIDE ASSURANCE THAT FUNDS WILL BE AVAILABLE WHEN NEEDED FOR DECOMMISSIONING.

THIS LETTER OF CREDIT IS EFFECTIVE AS OF JULY 27, 1990 AND SHALL EXPIRE ON JULY 27, 1991 AT OUR COUNTERS 111 WALL STREET, NEW YORK, NEW YORK 10048, BUT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED FOR A PERIOD OF 1 YEAR ON JULY 27, 1991 AND ON EACH SUCCESSIVE EXPIRATION DATE, UNLESS, AT LEAST 90 DAYS BEFORE THE THEN CURRENT EXPIRATION DATE, WE NOTIFY BOTH YOU AND SEQUOYAH FUELS CORP. BY REGISTERED AIRMAIL OF OUR INTENT NOT TO EXTEND THE LETTER OF CREDIT FOR ANY FURTHER PERIOD AS SHOWN ON THE SIGNED RETURN RECEIPTS. IF SEQUOYAH FUELS CORP. IS UNABLE TO SECURE ALTERNATIVE FINANCIAL ASSURANCE TO REPLACE THIS LETTER OF CREDIT WITHIN 30 DAYS OF NOTIFICATION OF CANCELLATION THE NRC MAY DRAW BY YOUR ONE SIGHT DRAFT DRAWN ON US FOR THE UNUTILIZED BALANCE OF THIS LETTER OF CREDIT PRIOR TO CANCELLATION. THE

~~9008020229~~

2 pp.

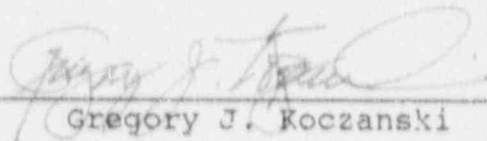
SEE NEXT PAGE

I, GREGORY J. KOCZANSKI, Assistant Secretary of CITIBANK, N.A. having its principal office in the City and State of New York, DO HEREBY CERTIFY that the following is a true and correct copy of Section 3 of Article VII of the existing By-Laws of CITIBANK, N.A. in full force and effect as of the date hereof:

"Authentication and Signature of Instruments. All authentications or certificates by the Association, as Trustee under any mortgage, deed of trust or other instrument securing bonds, debentures, notes, or other obligations of any corporation, and all certificates as Registrar or Transfer Agent and all certificates of deposit for stocks and bonds, and interim certificates and trust certificates, may be signed or countersigned in behalf of the Association by the Chairman, the President, any Vice Chairman, any Sector Executive, any Senior Executive Vice President, any Executive Vice President/Group Executive/Senior Corporate Officer, the Chairman Credit Policy Committee, any Senior Vice President, the Secretary, any Vice President, or anyone holding a position equivalent to the foregoing pursuant to provisions of these By-Laws, any Assistant Vice President, any Manager, any Senior Trust Officer, any Assistant Manager, any Trust Officer, or any officer with rank equivalent to any of the foregoing as may be designated by the Secretary, or by any other person appointed for that purpose by the Board of Directors or pursuant to these By-Laws. Any such signature or countersignature may be manual or facsimile."

I FURTHER CERTIFY that Joseph Jaklitsch is a Services Officer of CITIBANK, N.A., duly constituted as such.

In WITNESS WHEREOF, I have hereunto affixed my official signature and seal of the said Bank in the City of New York on this 18th day of October, 1990.



Gregory J. Koczanski

(SEAL)

CERTIFICATION OF FINANCIAL ASSURANCE

Principal: Sequoyah Fuels Corporation
Highway 10 & I-40
P. O. Box 610
Gore, OK 74435

NRC License Number: SUB 1010
Sequoyah Fuels Corporation
Highway 10 & I-40
P. O. Box 610
Gore, OK 74435

Issued to: U.S. Nuclear Regulatory Commission

This is to certify that Sequoyah Fuels Corporation is licensed to possess Source material in the following amounts (20 million MTU) and that financial assurance in the amount prescribed by 10 CFR Part 40, \$750,000 has been obtained for the purpose of decommissioning.

Rean Travis Jr
President

8-29-90
Date