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Atlas Minerals  
Division of Atlas Corporation  
Post Office Box 1207  
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40-3453  
PDR

October 29, 1982

Uranium Recovery Licensing Branch  
Division of Nuclear Material  
Safety and Safeguards  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555



Attention: R. Dale Smith, Chief.

Re: Surety Arrangement  
NRC Source Material License SUA-917  
Docket No. 40-3453

Gentlemen:

Enclosed please find a copy of the Surety Agreement between Atlas Corporation and the Utah Board of Oil, Gas & Mining covering decommissioning and reclamation of the uranium processing mill and associated tailings disposal area in Moab, Grand County, Utah. This surety arrangement is being submitted in accordance with the revised License Condition No. 24 included in Amendment No. 7 dated June 30, 1982.

Also enclosed please find a letter from Cleon Feight, Director of the Division of Oil, Gas & Mining, reaffirming the continuing validity of that contract as between Utah and Atlas Corporation. A copy of the latest 10-K Report submitted by Atlas Corporation to the U.S. Securities & Exchange Commission will be forwarded to you under separate cover within the next two weeks.

Currently the Board of Oil, Gas & Mining has approved a policy wherein those operators desiring to enter into surety agreements may have such agreements approved upon showing to the Board and the Division of Oil, Gas & Mining staff that they are financially capable to carrying out their obligations under the agreement. This policy requires an annual submittal of copies of financial data filed with the U.S. Securities & Exchange Commission to assist in the determination of financial capability. If, after evaluating the submitted financial data, the State of Utah believes a bond or other form of surety is warranted and desirable, Atlas is prepared to comply with such a request.

As you know, we are currently in a hiatus period in which the adopted NRC regulations (October 3, 1980) relating to mill tailings are not being

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Certified By

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enforced. While those regulations did allow for considerable flexibility with regard to the types of surety arrangements acceptable to the Commission, we understand that the NRC is currently undertaking a review of surety requirements relating to mill tailings reclamation and intends to propose significant amendments to those requirements within the near future. Further, we understand these amendments will provide for self-bonding arrangements similar to what is submitted herewith. As a result of the hiatus, the only criteria that we have to operate under for purposes of entering into a surety arrangement with the State of Utah are those established by the state itself, which, as indicated by the enclosed letter from the Division of Oil, Gas & Mining, have been fully complied with insofar as Atlas and the state are concerned.

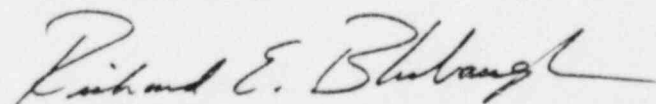
In connection with the decommissioning and reclamation obligations covered by the Surety Agreement, we should note that there is pending before Congress and the DOE the question of cost sharing between the Federal Government and certain mill operators with regard to reclamation and management of those uranium mill tailings which were derived from processing of uranium sold to the United States under the auspices of the AEC. If such an arrangement is entered into, Atlas' obligation for the costs of decommissioning and reclamation of the Moab mill and associated tailings disposal area will be reduced considerably, as the majority of the existing tailings were derived from processing for delivery to the United States. This would also decrease the obligations secured by the Surety Agreement.

Finally, we have received indications that the EPA mill tailings standards will likely be less stringent than the NRC standards under which our reclamation plan was developed. If so, adjustment in the reclamation obligations may be necessary when the EPA standards become final, resulting in an effective decrease in the obligations secured by the Surety Agreement.

Considering the uncertainties and possible developments ahead, and the fact that Atlas is willing to subject the 10-K Report to annual review, we believe a commitment to a certified bond is both premature and unnecessary. Such unnecessary costs must be avoided if we are to remain viable in these uncertain and difficult economic times.

We trust that the enclosed materials are sufficient indication of acceptable surety covering the decommissioning and reclamation of the Moab mill and associated tailings disposal area. If you have any questions, please contact us at your convenience.

Yours very truly,



Richard E. Blubaugh  
Regulatory Affairs Manager

REB:cf

Enclosures.

cc: R. R. Weaver

M. A. Drozd

W. M. Jensen

R. T. Exby

J. Holtkamp

C. Feight

P. Garcia

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SURETY AGREEMENT

THIS AGREEMENT, made and entered into this 31st day of May, 1979, between Atlas Corporation, a Delaware corporation (hereinafter called the "Operator"), and the Board of Oil, Gas, and Mining, duly authorized and existing by virtue of the laws of the State of Utah (hereinafter called the "Board").

W I T N E S S E T H:

WHEREAS, the Operator is the owner and in possession of that certain uranium processing mill and associated tailings disposal area in Moab, Grand County, State of Utah (hereinafter called the "Mill").

WHEREAS, on April 23, 1979, the United States Nuclear Regulatory Commission approved the Operator's application for renewal of Source Material License SUA-917 (hereinafter called the "License") as of April 30, 1979, for operation of the Mill; and

WHEREAS, the Operator is able and willing to conduct decommissioning and reclamation operations at the Mill in accordance with the requirements specified in the License; and

WHEREAS, the Board has considered the factual information and recommendations provided by the staff of the Division of Oil, Gas, and Mining as to the magnitude, type and costs of

the decommissioning and reclamation activities planned for the Mill.

NOW, THEREFORE, for and in consideration of the mutual covenants of the parties by each to the other made and herein contained, the parties agree as follows:

1. The Operator agrees to conduct decommissioning and reclamation activities at the Mill in accordance with the conditions of the License which are in effect at the time of the commencement of such activities.

2. If the Operator fails to commence decommissioning and reclamation activities at the Mill in accordance with the requirements specified in the License within TWO (2) years after the tailings area has reached sufficient dryness to allow such activities to commence, the Operator shall pay to the Board the total cost of such decommissioning and reclamation activities as determined in accordance with the provisions of paragraph 3 of this Agreement, reduced by the cost of any decommissioning or reclamation of the Mill already performed as required by the License in accordance with the provisions of paragraph 4 of this Agreement. Said sum shall be used by the Board to complete decommissioning and reclamation activities at the Mill in accordance with the requirements specified in the License.

3. If the Operator fails to commence the decommissioning and reclamation activities required by the License at the Mill within the time specified in paragraph 2 of this Agreement, the Board shall determine the cost of such reclamation and decommissioning based on the conditions for reclamation and decommissioning specified in the License which are in effect at the time the determination is made. Such determination by the Board shall be preceded by notice and public hearing in order to allow the participation of interested parties.

4. If the Operator completes any decommissioning or reclamation work at the Mill which is required to be performed pursuant to the License, the total amount specified in paragraph 2 of this Agreement shall be reduced by the cost of such work as indicated by an accounting of costs for the work supplied to the Board by the Operator. Any such reduction shall be evidenced by an amendment to this Agreement executed by the parties hereto and approved by the Board. If any of said work is completed before the cessation of permanent operations at the Mill, allowance shall be made for inflation of the cost of said work from the time that said work was performed to the cessation of such operations.

IN WITNESS WHEREOF, the parties hereto have respectively  
set their hands and seals this 3<sup>rd</sup> day of May, 1979.

ATTEST:

ATLAS CORPORATION

Thalia R. Busby  
Secretary

By A. E. Deard

SEAL

BOARD OF OIL, GAS, AND MINING

By John L. Bell

STATE OF )  
 : ss.  
COUNTY OF )

On the 24th day of May, 1979, A.D., personally appeared before me A.E. Dearth, who being by me duly sworn did say that he is the Vice President of Atlas Corporation, and that said instrument was signed in behalf of said corporation by authority of its bylaws, and said A.E. Dearth acknowledged to me that said corporation executed the same.

Lana Hadlock  
NOTARY PUBLIC  
Residing At: S.L.C.



Thalia R. Busby, Secretary of the Board of Oil, Gas, and Mining of the State of Utah, hereby certifies that the foregoing Surety Agreement was approved by the Board on the 24<sup>th</sup> day of May, 1979, in Cause No. ACT/019/003

Thalia R. Busby