

## CONVERSATION RECORD

Date: 7/18/96	Time: 10:00 a.m.	Place: TWFN T7F27
Type: Incoming Call	With: Reggie Cook, SFC, Gore, OK Phil Lewis, Boatmen's First National Bank, Tulsa, OK John Matthews, Morgan, Lewis, and Bockius, TWFN Steve Lewis, NRC/OGC, TWFN Larry Bell, NRC/DWM/LLDP, TWFN Jim Shepherd, NRC/DWM/LLDP, TWFN Lou Bykoski, NRC/DWM/LLDP, TWFN Michael Weber, NRC/DWM/LLDP, TWFN	
SUBJECT: CONFIRMATION OF FUND TRANSFER TO NEW ESCROW ACCOUNT		
Summary:  As a followup to the telephone conversation between Reggie Cook, Sequoyah Fuels Corporation (SFC), and Carl Paperiello and Michael Weber of NRC/NMSS on July 16, 1996, this teleconference was arranged to confirm that \$750,000 had been transferred into the Sequoyah Fuels Corporation Escrow Account (#60-02-300-4091600) for financial assurance for decommissioning at Boatmen's First National Bank of Oklahoma. In the July 16 call to SFC, Carl Paperiello informed Mr. Cook that NRC was prepared to send a letter to SFC to require that SFC confirm the transfer of funds before July 22, 1996, in advance of the expiration date of SFC's existing letter of credit with Citibank, N.A., or else NRC was prepared to take regulatory action, such as drawing on the existing letter of credit (Attachment 1). At the conclusion of the July 16 call, Mr. Cook committed to (1) transfer the funds to the new escrow account and make it active on July 17, and (2) confirm the transfer via facsimile and in a conference call with NRC and the bank on July 18, 1996.  At the beginning of the call on July 18, Boatmen's Trust Company faxed a note from Camilla Lindsey, Trust Officer, to U.S. NRC, confirming receipt of \$750,000 from SFC and deposit of these funds in the SFC Escrow Account (#60-02-300-4091600) at Boatmen's First National Bank of Oklahoma (Attachment 2). Phil Lewis, Vice President and Trust Officer of Boatmen's First National Bank and Boatmen's Trust Company, stated that Boatmen's Trust Company and Boatmen's First National Bank is a successor in interest to Bank IV, with whom SFC originally arranged the decommissioning financial assurance escrow agreement (#505). Mr. Lewis also stated that the SFC Escrow Account (#60-02-300-4091600) is currently effective under the escrow agreement between IV-SFC (#505), and that the funds in the escrow account are not subject to outstanding advances or rights of setoff. Bank IV, Boatmen's First National Bank, and Boatmen's Trust Company are all subsidiaries of Boatmen's Bank Shares, Inc. Bank IV will be consolidated into Boatmen's First National Bank before the end of August 1996. Mr. Lewis confirmed that the money had been deposited in the SFC Escrow Account by electronic fund transfer on July 17, 1996, and that Camilla Lindsey is a duly authorized representative and officer of Boatmen's First National Bank.		
(Continued on Page 2)		

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NRC staff discussed the acquisition and consolidation of the various Boatmen's Bank Share companies to ensure that the escrow agreement between Bank IV and SFC (#505) was fully effective with the deposit of the \$750,000 on July 17, 1996. Upon receipt of minor comments on the escrow agreement from NRC early in the week of July 22, 1996, Messrs. Cook and Lewis committed that SFC and Boatmen's First National Bank will submit a replacement escrow agreement that will also include the appropriate signatures from Boatmen's First National Bank. In addition, Mr. Lewis committed to send a notarized copy of Ms. Lindsey's July 17 note to NRC, including her title, to NRC to confirm the July 18 facsimile.

At the conclusion of the discussion, after NRC had ensured that the escrow agreement between Bank IV and SFC was viable and effective, Michael Weber cancelled SFC's existing letter of credit with Citibank, N.A. (the originals of both the 1990 letter of credit and the 1992 amendment to that letter) and returned the cancelled letter of credit to John Matthews, Counsel to Sequoyah Fuels Corporation. The phone conference ended at approximately 10:40 a.m.

Action Required: Transmit NRC comments on the escrow agreement between SFC and Bank IV no later than July 22, 1996. SFC will work with Boatmen's First National Bank to revise the agreement as requested and update it to reflect the consolidation of Bank IV into Boatmen's First National Bank.

Documented by	Signature	Date
Michael Weber	<i>Michael Weber</i>	7/18/96
Action Taken:		
Signature	Title	Date

Attachments:

1. Draft letter to SFC from NRC [Never sent; reviewed up to DEDS]
2. Facsimile from Phil Lewis to Mike Weber (7/18/96; 8:57 a.m.)

Docket No.: 40-8027  
License No.: SUB-1010

<u>DISTRIBUTION:</u>	Central File	LLDP r/f	PUBLIC	JSurmeier	
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UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

Mr. John H. Ellis, President  
Sequoyah Fuels Corporation  
P.O. Box 610  
Gore, Oklahoma 74435  
(by Certified Mail)

SUBJECT: FUNDING PROPOSED NEW ESCROW ACCOUNT FOR DECOMMISSIONING

Dear Mr. Ellis:

In your letter of June 7, 1996, Sequoyah Fuels Corporation proposed to fund an executed escrow agreement with Bank IV no later than the close of business on July 25, 1996, and "send notice to the United States Nuclear Regulatory Commission ("NRC") by expedited delivery service deposited not later than 10:00 a.m., local time, on July 26, 1996 confirming receipt of \$750,000 or notifying NRC that such funds were not received." On July 27, 1996, your current letter of credit with Citibank, NA would then expire. The NRC staff had received an earlier communication from SFC of its desire to replace the current letter of credit with the proposed escrow account. As we stated in our telephone call with your staff on March 7, 1996, and reiterated in writing to you on March 14, 1996, this proposal is unacceptable as it does not provide the NRC with sufficient time to verify the transaction has been completed and, if not completed, take the necessary actions to ensure the minimum initial certification of funds to be applied toward decommissioning financial assurance (in the amount of \$750,000) remains in place in accordance with 10 CFR 40.36(c)(2).

Although our review has identified some deficiencies in the executed agreement that will require revisions, our immediate objective is to ensure there is no lapse in financial assurance. In order to provide the NRC staff with the minimum time necessary to review the financial assurance communications and documentation, you will need to fully fund the Bank IV escrow account no later than the close of business on July 18, 1996, and ensure that Bank IV confirms this transaction to the undersigned by written documentation of the transfer of funds sent to the NRC by facsimile (301) 415-5398 no later than noon (CDT) on July 19, 1996. This confirmation from Bank IV must also be provided by letter to the undersigned transmitted such that it is confirmed that the letter was received by the NRC mail room no later than 1:00 p.m. (EDT) on July 22, 1996. If the NRC does not receive confirmation that the Escrow Agreement is fully funded, in the manner indicated above, it is prepared to take regulatory action, including drawing on the Citibank letter of credit and activating the standby trust you established with Citibank.

NEVER SENT

BASED ON SFC'S VERBAL (7/16/96)  
COMMITMENT TO FUND NEW  
ACCOUNT ON OR BEFORE 7/18/96.

ATTACHMENT 1

J. H. Ellis

- 2 -

If you have any questions or anticipate any difficulty in funding the escrow agreement by July 18, 1996, please contact me immediately at (301) 415-7297.

Sincerely,

Michael F. Weber, Chief  
Low-Level Waste and Decommissioning  
Projects Branch  
Division of Waste Management  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 40-8027  
License No.: SUB-1010

cc: See attached list

cc List for July 15, 1996, letter to John Ellis from Michael Weber:

Alvin Gutterman, Esq.  
Rue Graves  
Lance Hughes, NACE  
Diane Curran, Esq.  
Stephen Duncan, Esq.  
Michael Hebert, EPA  
Kathy Peter, SAFEST  
Charles Scott  
James Wilcoxen, Esq.  
Merritt Youngdeer  
Col. Timothy Sanford

J. H. Ellis

- 2 -

If you have any questions or anticipate any difficulty in funding the escrow agreement by July 18, 1996, please contact me immediately at (301) 415-7297.

Sincerely,

[ORIGINAL SIGNED BY]

Michael F. Weber, Chief  
Low-Level Waste and Decommissioning  
Projects Branch  
Division of Waste Management  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 8027  
License No.: SUB-1010  
cc: See attached list

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DEC	LLDP	LLDP	LLDP										
NAME	JShepherd7cv	LBell	MWeber										
DATE	7/14/96	7/ /96	7/ /96										

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J. H. Ellis

- 2 -

If you have any questions or anticipate any difficulty in funding the escrow agreement by July 18, 1996, please contact me immediately at (301) 415-7297.

Sincerely,

[ORIGINAL SIGNED BY]

Michael F. Weber, Chief  
Low-Level Waste and Decommissioning  
Projects Branch  
Division of Waste Management  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 40-8027  
License No.: SUB-1010  
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Path & File Name: s:\dwm\lldp\jcs\jellis.ltr

\* See previous Concurrence

OFC	LLDP*	C	LLDP	C	LLDP	C	OGC M.L.O.	LLDP	C	Reg III DWAS
NAME	JShepherd/cv		TJohnson		for LBell		for STreby	MWeber		for DB Spite Bell
DATE	7/15/96		7/15/96		7/15/96		7/15/96	7/15/96		7/15/96

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**BOATMEN'S<sup>®</sup>  
TRUST COMPANY**  
AN OKLAHOMA TRUST COMPANY

BOATMEN'S PLAZA  
211 North Robinson  
Post Office Box 25189  
Oklahoma City, Oklahoma 73105-0189  
405 230-4200  
Fax 230-5283

**TRANSMITTAL COVER SHEET**  
**CORPORATE TRUST DEPARTMENT**  
**FAX (405) 230-5283**

DATE: 7/18/96

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: MIKE WEBER

TELECOPY NUMBER: ( )

FROM: PHIL LEWIS

MESSAGE: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

IF YOU DO NOT RECEIVE 2 PAGES, INCLUDING THIS  
COVER SHEET, PLEASE CALL (405) 230-4413.

ATTACHMENT 2



40-8027



**BOATMEN'S  
TRUST COMPANY**  
AN OKLAHOMA TRUST COMPANY

321 South Boston  
Post Office Box 2380  
Tulsa, Oklahoma 74101-2380  
405-230-5283  
FAX 405-230-5282

**To:** The United States Nuclear Regulatory Commission  
**From:** Camilla J. Lindsey *Cam Lindsey*  
**CC:** Reggie Cook, Sequoyah Fuels Corporation  
**Date:** July 17, 1996  
**Re:** Sequoyah Fuels Corporation Escrow Agreement

I hereby acknowledge the receipt of \$750,000.00 from Sequoyah Fuels Corporation. These funds have been deposited to the Sequoyah Fuels Corporation Escrow Account, #60-02-300-4001600, at Boatmen's First National Bank of Oklahoma, successor in interest to Bank IV Oklahoma.

MIKE WEBER

301-415-7297

NRC FILE CENTER COPY

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