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Docket File No. 40-8084  
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LLO Branch, LLWM  
UREO r/f

40-8084/HDR/88/04/21/0

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MAY 19 1988

URFO:HDR  
Docket No. 40-8084  
SUA-1119  
04008084663E

Mr. Kenneth E. May  
355 West North Temple  
3 Triad Centre  
Suite 350  
Salt Lake City, Utah 84180

Gentlemen:

In regards to the financial surety arrangements of Rio Algom Mining Corporation, the NRC has reviewed a draft letter of credit No. 22-88/9016 to be issued by the Canadian Imperial Bank of Commerce (CIBC) in New York, in favor of the NRC for \$3,000,000 (copy attached). We have determined that this instrument and amount would satisfy the requirements of 10 CFR 40, Appendix A, Criterion 9 and 10. This estimate will serve as the basis for the required annual surety update until such time as the NRC approves the revised reclamation plan, currently under NRC review, and specifies a new estimate of surety, as appropriate.

Upon approval by the Board for you to release Rio's escrow subject to our enactment of a surety, please provide notification to Rio and a copy to the NRC. There upon, the NRC will notify Rio to submit the final surety. Following receipt of the formal letter of credit, the NRC will issue a license amendment incorporating the surety and will provide same day notification by a copy to the State.

Sincerely,

/s/

Harry J. Pettengill, Chief  
Licensing Branch 2  
Uranium Recovery Field Office  
Region IV

DF03  
1/0

Enclosure: as stated

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MAY 19 1988

cc: J. Gordon Littlejohn  
Vice President, General Counsel  
120 Adelaide St. West  
Toronto, Canada

MSHTWS

Bob Pattison

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| OFC  | : | URFO      | : | URFO     | : | URFO         | : |  | : |  | : |  | : |
| NAME | : | HDRoss/db | : | PJGarcia | : | HJPettengill | : |  | : |  | : |  | : |
| DATE | : | 88/05/19  | : |          | : | 88/05/19     | : |  | : |  | : |  | : |