



ATLAS CORPORATION |

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RICHARD E. BLUBAUGH  
Vice President Environmental  
and Governmental Affairs

September 30, 1997

**VIA FACSIMILE: (301) 415-5397**  
**and VIA FEDERAL EXPRESS**

Mr. Joseph J. Holonich, Chief  
High-Level Waste and Uranium Projects Branch  
Division of Waste Management (MS T7 J9)  
Office of Nuclear Material Safety and Safeguards  
U.S. NUCLEAR REGULATORY COMMISSION  
Two White Flint North  
11545 Rockville Pike  
Rockville, MD 20852

**Re: Atlas Corporation -- License No. SUA-917 / Docket No. 40-3453**  
**License Condition No. 42, Surety Update**

Dear Mr. Holonich:

This annual surety update is being submitted in compliance with License Condition No. 42 of Atlas Corporation's Source Material License SUA-917. The surety is based on the existing approved reclamation and decommissioning plan. However, it should be noted that Atlas revised and submitted their *Final Reclamation Plan for the Uranium Mill and Tailings Disposal Area* to the United States Nuclear Regulatory Commission (NRC) on October 15, and November 18, 1996. Since the NRC has not presently approved the proposed revision to the reclamation plan, no changes are proposed to the existing surety. This remains in keeping with the guidance provided by NRC on August 10, 1994.

*"When the current review of your revised reclamation plan is completed, the required surety will be re-evaluated. Until that time, the current level of surety will remain the same."*

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Mr. Joseph J. Holonich, Chief  
U. S. Nuclear Regulatory Commission  
Lic. No. SUA-917 / Dkt. No. 40-3453  
Atlas Corporation - Surety Update  
September 30, 1997  
Page Two

Atlas verified the CPI with Norwest Bank of Denver and is utilizing 2.2 percent (2.1625 %) as the inflation adjustment for the past year (August 31, 1996 through August 31, 1997).

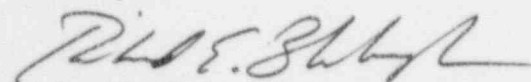
Current Surety	\$6,500,000
Inflation Adjustment (2.2 %)	\$143,000

As shown above, the 1997 inflation adjustment is \$143,000. Last year, Atlas incurred expenditures in excess of this amount. The costs incurred by Atlas clearly off-set the 2.2 percent inflation adjustment. This surety update does not include all of Atlas' costs relative to labor, administration and overhead. In order for this adjustment to be meaningful, final approval of the proposed reclamation plan, and the establishment of a revised cost estimate for reclamation of the Atlas mill and tailings site is necessary.

Atlas will not request that the NRC reduce the existing surety amount to account for the work performed. The current level of surety will remain the same. This surety consists of \$6,500,000 in the form of a performance bond (No. 5652) issued to the NRC by Acstar Insurance Company, and the legal obligation of the federal government to fund 56 percent of the reclamation related costs through a reimbursement program described under Title X of the Comprehensive Energy Act of 1992.

I trust this satisfies the license requirement of License Condition No. 42. Please contact me should you have any questions concerning this submittal.

Sincerely,



Richard E. Blubaugh

Distribution List for: Atlas' Surety Update (September 30, 1997)

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