

Phillips, Karla L

From: Lux, Jeff J
Sent: Monday, August 22, 2022 9:12 AM
To: Smith, James
Cc: Halliburton, Bill
Subject: RE: Standby Trust
Attachments: 2014-04-25 Standby Trust Agreement.pdf; 2013-08-03 US Bank - Standby Trust Fees.pdf; 2014-03-25 NRC - Approve Draft Standby Trust.pdf

In 2002, Bank One Trust Company, N.A. (Bank One) established a Letter of Credit (LOC) at the request of Cimarron Corporation in the amount of \$3,600,000 - the funding required to complete the decommissioning of the site (it was assumed that no remediation of groundwater would be required). Before the Cimarron Environmental Response Trust (the CERT) was created, Bank One became known as JPMorgan Chase Bank (JP Morgan).

Section 2.1.2.2 of the CERT Agreement – the Environmental Response Trust (Cimarron) – says *“the Settlers shall cancel the Cimarron LOC and remit the funds from the Cimarron LOC to the Cimarron Standby Trust Fund already in existence, or to a new Cimarron Standby Trust Fund that may be established by the Cimarron Trustee in accordance with applicable NRC regulations...”*. The “Settlers” were Cimarron Corporation, Tronox Inc., Tronox LLC, Tronox Finance Corp., and all the rest of the companies that were seeking bankruptcy protection. However, it’s my understanding that the Settlers didn’t really do much of anything in the way of canceling the LOC and setting up a Standby Trust Fund.

I believe that LOC just remained effective, and EPM wound up taking on the job of establishing a separate Standby Trust in accordance with NUREG 1757, Appendix A. In a letter dated August 6, 2013, JP Morgan resigned as Trustee (ML13228A255), effective November 4, 2013.

I don’t know why the Settlers did not establish a separate Standby Trust, but EPM began contacting financial institutions to get one set up. On August 8, 2013, US Bank Corporate Trust Services (US Bank) provided a fee schedule to act as Trustee for the Standby Trust. EPM then went through a multi-month process with NRC to finalize a Trust Agreement in accordance with NUREG-1757, Appendix A, Section 1/17/4, “Model Standby Trust Agreement”. The NRC approved the final draft of the Standby Trust Agreement in a letter dated March 25, 2014, and the Standby Trust Agreement was established on April 25, 2014. I couldn’t find any of these in ADAMS, so I attached copies to this email.

Since then, US Bank has been the Trustee for the Standby Trust. I would think that as the sole beneficiary of the Standby Trust, US Bank would be sending you monthly or quarterly statements, but I don’t know what you receive. I believe Bill either receives a statement periodically or upon request, but I don’t receive them, and they aren’t in the CERT repository.

That’s about the extent of my knowledge regarding the Standby Trust. If you need more information than that, Bill Halliburton is the Trust Administrator more specific information than I can provide would be “in his wheelhouse”.

Jeff Lux
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From: Smith, James <James.Smith@nrc.gov>
Sent: Friday, August 19, 2022 3:57 PM
To: Lux, Jeff J <jlux@burnsmcd.com>
Subject: Standby Trust

Hey Jeff -

I was looking at the recent Letter from B. Halliburton, CERT, dated August 1, 2022 with Financial Statements for the Cimarron Environmental Response Trust January 1, 2022 - June 30, 2022” document was entered into ADAMS ([ML22228A131](#)). I see where there are, Administrative, Federal and State accounts, but I don’t see the Standby Trust Account. I couldn’t find it mentioned in the license. Is that captured somewhere else?

Thanks

Jim

