

UNITED NUCLEAR CORPORATION

40-8907



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Mr. Shawn Ghose
U.S. Environmental Protection Agency
Superfund OK/NM Section (6H-EO)
1445 Ross Avenue
Dallas, Texas 75202-2733

September 13, 1996

Mr. Joseph Holonich, Chief
Uranium Recovery Branch MS-T-7J9
Division of Waste Management
Office of Nuclear Materials Safety and Safeguards
11545 Rockville Pike
Rockville, MD 20853

Re: Church Rock Site Letter of Credit

Gentlemen:

This letter refers to the letter of credit issued in favor of EPA in connection with remediation of groundwater contamination at the United Nuclear Corporation Church Rock, New Mexico mill tailings disposal site in the amount of \$2 Million.

The status of the area covered by the letter of credit is such that much less work remains to be done since we began the remedial actions in 1989. Conditions in the southwest alluvium are such that we are pumping only background water quality water. The Zone one area of contamination has been effectively dried up, and the amount of pumping left yet to be done in the Zone three target area is limited.

In view of this, we request that United Nuclear be allowed to reduce the letter of credit to \$250,000. This represents a conservative estimate of the cost of maintaining the system operating at current levels and is expected to cover the costs until EPA and NRC can respond to the Five Year Review Report and the subsequent requests to modify the system operation. The proposed letter of credit, in conjunction with the funding arrangement contained in United Nuclear's NRC license, provides both agencies with the financial assurance necessary. Reduction of the letter of credit would assist us as it would significantly reduce our annual carrying costs.

Please let me know your position on this request at an early date.

Sincerely,



Juan R. Velasquez

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PDR ADOCK 04008907
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