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March 17, 1997

Chairman Shirley A. Jackson
Commissioner Kenneth C. Rogers
Commissioner Greta J. Dicus
Commissioner Nils J. Diaz
Commissioner Edward McGaffigan, Jr.
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Sequoyah Fuels Corporation
Docket No. 40-8027-EA

Ladies and Gentlemen:

On April 29, 1996, Sequoyah Fuels Corporation (SFC) submitted a brief in response to briefs filed by Intervenor NACE and the Cherokee Nation, and the State of Oklahoma concerning review of the Memorandum and Order of the Atomic Safety and Licensing Board dated October 26, 1995, (LBP-95-18). The Nuclear Regulatory Commission (NRC) has not yet ruled on the issues addressed by the SFC brief. SFC included as Attachment 7 to that brief, a copy of a February 17, 1995, letter to the NRC from John H. Ellis, President of SFC, providing an update to SFC's previous projection of SFC's expenses and revenues during decommissioning. Mr. Ellis again provided the NRC with an update to SFC's projection of expenses and revenues on February 28, 1997. For the Commission's convenience, I am attaching a copy of Mr. Ellis's letter.

Respectfully submitted,



Alvin H. Gutterman
Attorney for Sequoyah Fuels Corporation

cc: Certificate of Service

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DEVELOPMENT & SERVICE SECTION
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**UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION**

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'97 MAR 21 A9:13

**In the Matter of)
)
SEQUOYAH FUEL CORPORATION)
GENERAL ATOMICS)
(Gore, Oklahoma, Site Decontamination)
and Decommissioning Funding)**

**OFFICE OF SECRETARY
DOCKETING & SERVICE
Docket No.(s) 40-8027-EA**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing letter to Chairman Shirley A. Jackson and Commissioners Rogers, Dicus, Diaz and McGaffigan from Alvin H. Gutterman dated March 17, 1997, were served upon the following persons by deposit in the U.S. mail, first class, postage prepaid and properly addressed on the date shown below:

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Washington, DC 20555
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(original and two copies)

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Alvin H. Gutterman

Dated this 17th day of March 1997

February 28, 1997

RE: 9718-N

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Subject: License No. SUB-1010: Docket No. 40-8027
Update of Preliminary Plan for Completion of Decommissioning
Projection of SFC Cash Flow

Dear Dr. Paperiello:

By letter dated February 16, 1993, Sequoyah Fuels Corporation (SFC) provided to the Nuclear Regulatory Commission (NRC) its Preliminary Plan for Completion of Decommissioning (PPCD). This plan included a projection of SFC's cash flow (revenues and costs) for the years 1993 through 2003 (Table 10-2). The cash flow projection was subsequently updated on February 17, 1995 to reflect actual cash flow for the first two years and revisions to the decommissioning cost estimates.

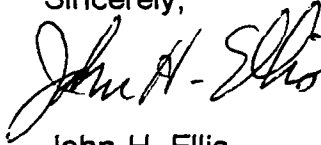
In 1996, SFC completed a more detailed evaluation of alternatives for decommissioning its facility, including the preparation of conceptual designs and costs estimates for the major elements in SFC's preferred decommissioning alternative. This evaluation, entitled the Decommissioning Alternatives Study Report (DASR), was submitted to the NRC on December 18, 1996.

The cash flow projection in Table 10-2 (attached) has again been updated to incorporate these more definitive cost estimates and to reflect actual cash flow experience through the end of 1996. Non-direct costs have been adjusted for the years 1997 through 2005 and ConverDyn revenues have been escalated to 1997 dollars.

February 28, 1997
Carl J. Paperiello
Page 2 of 2

Should you have any questions or desire more information, please call me at (918)
489-3390.

Sincerely,



John H. Ellis
President, SFC

Attachment: (1)

cc: NRC, Region IV
Mike Hebert, EPA
H.A. Caves, ODEQ

bc: Al Gutterman ✓
Jim Edwards
Jeff Zimmerman
Loren Mason, COE
Pat Gwin, Cherokee Nation
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SEQUOYAH FUELS CORPORATION
ESTIMATED CASH FLOW
(000'S OF DOLLARS)

Table 10-2
Revision 2
2/25/97
Page 1 of 2

	1993 ACTUAL	1994 ACTUAL	1995 ACTUAL	1996 ACTUAL	1997	1998	1999
INCOME							
UF6 CONVERSION REVENUE	8,288	64	68	39	31	18	17
DUF4 REDUCTION REVENUE	4,562						
DISPOSITION OF INVENTORY	2,034	189	2,004	146	50		
RANCH REVENUE	293	235	317	248	260	200	200
CONVERDYN FEES	7,386	5,098	2,111	7,099	9,140	9,672	10,336
TOTAL REVENUES	22,563	5,586	4,500	7,532	9,481	9,890	10,553
ACTIVITIES RELATED TO DECOMMISSIONING							
CLEAN-UP:							
RAFFINATE SLUDGE	1,633	273	7				
FERTILIZER PONDS	622	780	129	44	14		
SHIP U308/URANIUM PRODUCTS	349	901	3				
DECOMMISSIONING:							
DECOMMISSIONING PLAN				179	86	235	
SITE CHARACTERIZATION		167	464	140	122		
CONTRACTOR MOBILIZATION							650
ENG/CONST. MGMT							
SLUDGE, SEDIMENT SOLID.							
CELL CONST/CLOSE							
SOIL REMEDIATION							
BUILDING DECONSTRUCTION							
SITE RESTORATION							
WASTE WATER MGMT						500	
EIS SUPPORT					647	953	
ADDL SITE RECL						250	250
LONG TERM SITE CONTROL							
POST CLOSURE MONITORING							
GEN & ADMIN:							
PERSONNEL	7,617	5,878	2,002	2,143	1,627	1,667	1,667
NRC LIC./FEES	1,181	206	332	156	287	287	287
TAXES, INSUR. & OTHER	6,594	2,785	854	938	862	650	650
DUF4 OPERATING	1,773						
PLANT CLEAN-OUT	1,305	(178)					
TRANSITION COST	283						
INTEREST (INC)\EXP	396	162	259	270	(25)	(172)	(331)
RANCH COSTS	208	105	118	31	21	41	41
TOTAL COSTS	21,961	11,079	4,168	3,901	3,641	4,411	3,214
CASH MARGIN	602	(5,493)	332	3,631	5,840	5,479	7,339
(INCR)DECR IN RECEIVABLES	2,290	343	(1,239)	(1,135)	(803)	(1,260)	(1,220)
INCR(DECR) IN PAYABLES	(1,112)	2,950	1,148	(1,497)	(3,655)	(1,180)	(1,180)
PROJECTED NET CASH FLOW BEFORE KM DEBT REPAYMENT	1,780	(2,200)	241	999	1,382	3,039	4,939
CUMULATIVE CASH BALANCE	2,359	159	400	1,399	2,781	5,820	10,759

- 1) The schedule includes repayment of General Atomics note by the end of 1997, but does not reflect the 10.6 million dollar note with Kerr McGee that is currently under a tolling agreement that defers payment on that note until the completion of decommissioning.
- 2) 1996 forward includes the 750,000 dollar escrow agreement in the cumulative cash balance.
- 3) Decommissioning costs are based on the preferred alternative submitted in the Decommissioning Alternatives Study Report, dated December 18, 1996.
- 4) The schedule does not reflect any monies from the NRC/General Atomic Settlement Agreement.
- 5) Converdynam revenues are adjusted to 1997 dollars.

SEQUOYAH FUELS CORPORATION
ESTIMATED CASH FLOW
(000'S OF DOLLARS)

Table 10-2
Revision 2
2/25/97
Page 2 of 2

	2000	2001	2002	2003	2004	2005	TOTAL
INCOME							
UF6 CONVERSION REVENUE	7	4	5	2			8,543
DUF4 REDUCTION REVENUE							4,562
DISPOSITION OF INVENTORY							4,423
RANCH REVENUE	200	200	200	200	200		2,753
CONVERDYN FEES	4,615	4,345	4,345	4,178	4,067	4,022	76,414
TOTAL REVENUES	4,822	4,549	4,550	4,380	4,267	4,022	96,695
ACTIVITIES RELATED TO DECOMMISSIONING							
CLEAN-UP:							
RAFFINATE SLUDGE							1,913
FERTILIZER PONDS							1,589
SHIP U308/URANIUM PRODUCTS							1,253
DECOMMISSIONING:							
DECOMMISSIONING PLAN							500
SITE CHARACTERIZATION							893
CONTRACTOR MOBILIZATION							650
ENG/CONST. MGMT	993	993	497				2,483
SLUDGE, SEDIMENT SOLID.	1,743	1,743	871				4,357
CELL CONST/CLOSE	1,540	1,540	770				3,850
SOIL REMEDIATION	369	369	185				923
BUILDING DECONSTRUCTION	1,880	1,880	940				4,700
SITE RESTORATION	890	890	446				2,226
WASTE WATER MGMT							500
EIS SUPPORT							1,600
ADDL SITE RECL							500
LONG TERM SITE CONTROL					2,124		2,124
POST CLOSURE MONITORING				20	20	20	60
GEN & ADMIN:							
PERSONNEL	1,667	1,667	1,667	1,067	567		29,236
NRC LIC./FEES	287	287	287	287	287		4,171
TAXES, INSUR. & OTHER	650	650	650	500	250		16,033
DUF4 OPERATING							1,773
PLANT CLEAN-OUT							1,127
TRANSITION COST							283
INTEREST (INC)\EXP	(425)	(319)	(186)	(207)	(270)	(398)	(1,246)
RANCH COSTS	41	41	41	41	41		770
TOTAL COSTS	9,635	9,741	6,168	1,708	3,019	(378)	82,268
CASH MARGIN	(4,813)	(5,192)	(1,618)	2,672	1,248	4,400	14,427
(INCR)DECR IN RECEIVABLES	5,721	158					2,855
INCR(DECR) IN PAYABLES	(1,175)						(5,701)
PROJECTED NET CASH FLOW BEFORE KM DEBT REPAYMENT	(267)	(5,034)	(1,618)	2,672	1,248	4,400	11,581
CUMULATIVE CASH BALANCE	10,492	5,458	3,840	6,512	7,760	12,160	