



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

OCT 27 1992

In Reply Refer To:
License Nos: 35-12636-06
SUB-986
Docket Nos: 030-08401
040-08006
Control Nos: 463652
463651

Kerr-McGee Corporation
ATTN: J. C. Stauter
Kerr-McGee Center
123 Robert S. Kerr Avenue
Oklahoma City, Oklahoma 73125

Gentlemen:

We have reviewed your decommissioning financial assurance submittal dated July 25, 1990, and your subsequent submittals dated August 30, 1991, and June 19, 1992, in response to our deficiency letters dated July 10, 1991, and May 13, 1992, respectively. Within the scope of our review, no further deficiencies were identified. If additional information is required, we will contact you.

Sincerely,

L. J. Callan, Director
Division of Radiation Safety
and Safeguards

2971
9302100464 920917
PDR ADOCK 03008401
C PDR

ML40

Kerr-McGee Corporation

-2-

bcc:
DMB - Original (IX-50)
JLMilhoan
LJCallan
JPJaudon
WLFisher
CLCain
SRajendran
JEWWhitten
NMLS File
RIV Files (2)

RIV:NMLS *SR*
SRajendran
9/24/92

RIV:NMLS
JEWWhitten
10/24/92

C:NMLS *WLF*
WLFisher
10/26/92

AD:DBS
LJCallan
10/24/92



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

SEP 21 1992

NOTE TO: Selvan Rajendran
Radiation Specialist, DRSS

FROM: William L. Brown
Regional Counsel

SUBJECT: KERR-McGEE COMPLIANCE WITH
10 CFR 30.35: FINANCIAL ASSURANCE

Pursuant to your request, I reviewed the K-M Insurance Company financial statement dated December 31, 1991, together with an auditors' report from Arthur Andersen & Co. for the purpose of determining Kerr-McGee's compliance with the financial assurance requirements of 10 CFR 30.35. Those documents were sent to us in response to our May 13, 1992, letter which raised certain questions seeking clarification pertaining to Kerr-McGee's 10 CFR 30.35 compliance.

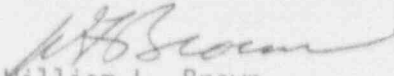
According to Kerr-McGee, Oklahoma statutes require a surplus to policyholders of 10 times the size of an insurer's largest net aggregate risk on any one insured. Kerr-McGee stated that the largest net aggregate figure for K-M Insurance Company is \$1,000,000 and the surplus to policyholders as reported on its March 31, 1992, quarterly statement was \$11,294,560. That, along with the Financial Statement and Audit Report, satisfied the questions raised in our letter to Kerr McGee dated May 13, 1992.

One error was discovered in the first paragraph of the Notes section of the report, however. In reference to K-M Insurance Company's maximum liability under its policies for any one loss occurrence, the report noted that each loss is subject to a \$900,000 deductible to be paid by the policy holder. The basic policy does provide for such a deductible amount. Since each of the two NRC licenses is covered only by \$750,000 in insurance to cover decommissioning, real financial assurance would appear at first glance to be illusory. However, after I acquired from you a copy of the insurance policy itself along with its 25 Endorsements, it was determined that Endorsements Nos. 18 and 19 provide the decommissioning coverage for each of the two NRC licenses. Each of those two endorsements specifically state in subsection (b): "The Insurer is liable for the payment of amounts within any deductible applicable to the policy...." (Emphasis added). Each endorsement also states that "any provisions of the policy inconsistent with subsections (a) through (d) ...are hereby amended to conform with subsections (a) through (d)." Thus, the deductible portion of the basic policy is not applicable to the two endorsements covering decommissioning.

Note to Selvan Rajendran

-2-

My initial concern informally expressed to you, caused by the incorrect statement in the Arthur Andersen report, has now been laid to rest. Based on my review of the information provided by Kerr-McGee in response to our May 13, 1992, letter, I have no other concerns pertaining to the licensee's compliance with the financial assurance requirements of 10 CFR 30.35.


William L. Brown
Regional Counsel

cc: W. Fisher

SEP 21 1992

Note to Selvin Rajendran

-3-

bcc:
J. Milhoan

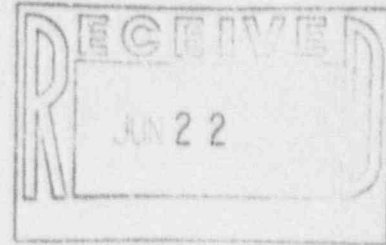
RIV:RC WLBrown:cms 9/2/92	<i>[Handwritten Signature]</i>				
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KERR-McGEE CORPORATION

KERR-McGEE CENTER • OKLAHOMA CITY, OKLAHOMA 73125

June 19, 1992



Mr. William Fisher, Chief
Nuclear Materials Licensing Section
U.S. Nuclear Regulatory Commission
611 Ryan Plaza Drive, Suite 400
Arlington, Texas

RE: Financial Assurance For
Decommissioning
License Nos: 35-12636-06
and SUB-986
Kerr-McGee Corporation

Dear Mr. Fisher:

This is to respond to your letter of May 13 to Dr. J. C. Stauter requesting additional information concerning the insurance company providing the insurance coverage for decommissioning.

K-M Insurance Company Inc. is a wholly owned subsidiary of Kerr-McGee Corporation and is a duly licensed insurance company, holding license in Oklahoma, Wyoming and Illinois.

K-M Insurance is domiciled in Oklahoma. Oklahoma statutes require a surplus to policyholders of ten times the size of its largest net aggregate risk on any one insured. K-M's net aggregate risk is \$1,000,000 and the surplus to policyholders as reported on its March 31, 1992 quarterly statement was \$11,294,560.

The ratio of the reserve to the potential maximum \$750,000 liability is .32% for the endorsement adding coverage for the above mentioned license.

You will find K-M Insurance Company's December 31, 1991 Financial Statement attached. I believe the financial statement will answer the questions posed in your letter, however if further questions do arise, please contact Dr. Stauter or me.

Respectfully,

Charlotte D. Hix
Coordinator
RISK MANAGEMENT AND CLAIMS
DEPARTMENT (405-270-3138)

cc: J. C. Stauter

(FOR LFMS USE)
INFORMATION FROM LTS

BETWEEN:

LICENSE FEE MANAGEMENT BRANCH, ARM
AND
REGIONAL LICENSING SECTIONS

PROGRAM CODE: 11300
STATUS CODE: 2
FEE CATEGORY: 2C
EXP. DATE: 19901231
FEE COMMENTS:

LICENSE FEE TRANSMITTAL

A. REGION

1. APPLICATION ATTACHED
APPLICANT/LICENSEE: KERR-MCGEE CORP.
RECEIVED DATE: 910605
DOCKET NO: 4008006
CONTROL NO.: 463651
LICENSE NO.: SUR-986
ACTION TYPE: AMENDMENT

2. FEE ATTACHED
AMOUNT: 4
CHECK NO.: 4

3. COMMENTS

* *Decommissioning*

SIGNED
DATE

- B. LICENSE FEE MANAGEMENT BRANCH (CHECK WHEN FILED FOR FEE EXEMPT / ✓ /)

1. FEE CATEGORY AND AMOUNT: 2C **FEE EXEMPT**
2. CORRECT FEE PAID. APPLICATION MAY BE PROCESSED FOR:
AMENDMENT
RENEWAL
LICENSE *memo 8/2/90*

3. OTHER

SIGNED
DATE

J. L. Long

6/11/91

* Check sent w/ orig. action set up
under n/c # 463200 which was voided.



KERR-McGEE CORPORATION

KERR-McGEE CENTER • OKLAHOMA CITY, OKLAHOMA 73125

July 25, 1990

FEDERAL EXPRESS

U.S. Nuclear Regulatory Commission
Attn: Materials Licensing Section
Region IV
611 Ryan Plaza Drive, Suite 1000
Arlington, TX 76011

RE: Financial Assurance - 10 CFR Part 40.36
Kerr-McGee Corporation
License #SUB 986
Docket No. 40-8006

RECEIVED BY LFMS
Date <u>6/10/91</u>
Log <u>June 2, 1991</u>
By <u>J. C. Stauter</u>
Date Completed <u>6/11/91</u>

FEE EXEMPT

8/2/90

Dear Sir:

Kerr-McGee Corporation's financial assurance instruments demonstrating financial assurance in the amount of \$750,000 for the cost of decommissioning are enclosed as required by 10 CFR Part 40.36.

Kerr-McGee Corporation has elected to meet the financial assurance requirements through the use of insurance and a Stand-By Trust Agreement. The attachments include the following instruments:

- Certificate of Financial Assurance
- Certificate of Insurance
- Duplicate Original of the Stand-By Trust Agreement
- Acknowledgement
- Copy of the endorsement attached to the insurance policy granting coverage
- Checklist for Submission of Insurance

If you have any questions concerning the financial assurance documents, it is recommended you contact MS. Charlotte Hix, 405/270-3138. The required amendment fee is also enclosed in the amount of \$360.00 in accordance with 10 CFR 170.31-2.C.

Sincerely,

J.C. Stauter

J.C. Stauter, Vice President
Environmental Services

JCS:gw

Attachments

0440s

44352060

CHECKLIST FOR SUBMISSION OF SURETY/INSURANCE/PARENT COMPANY GUARANTEE

NAME OF LICENSEE: KERR-McGEE CORPORATION

MAILING ADDRESS: Kerr McGee Center, T-606
Oklahoma City, Oklahoma 73102

LICENSEE PART: Part 40

A. Check Appropriate Form of Surety/Insurance/Guarantee

☐ Surety Bond ☐ Letter of Credit
☐ Line Of Credit ☐ Parent Company Guarantee/Financial Test
☒ Insurance

B. Check Documents Submitted for Surety/Insurance/Guarantee

1. Surety Bond

☐ Surety Bond
☐ Standby Trust Agreement
☐ Acknowledgement

2. Letter of Credit

☐ Letter of Credit
☐ Standby Trust Agreement
☐ Acknowledgement

3. Line of Credit

☐ Verification ☐ Standby Trust Agreement ☐ Acknowledgement

4. Parent Company Guarantee

☐ Letter from Chief Executive Office of Applicant or Licensee
☐ Letter from Chief Financial Office of Parent Company
☐ Financial Test: Alternative (I or II)
☐ Auditor's Special Report and Attached Schedule
☐ Corporate Guarantee
☐ Standby Trust Agreement
☐ Acknowledgement

5. Insurance

☒ Certificate of Financial Assurance
☒ Certificate of Insurance
☒ Standby Trust Agreement
☒ Acknowledgement
☒ Copy of Policy Endorsement

CERTIFICATE OF FINANCIAL ASSURANCE

Principal: Kerr-McGee Corporation
Kerr-McGee Center, T-606
Oklahoma City, Oklahoma 73102

NRC License Number: SUB 986
Name: Kerr-McGee Corporation
Address of Facility: 3301 N. W. 150th St.
Oklahoma City, OK 73134

Mailing Address: Kerr-McGee Center, T-606
Oklahoma City, OK 73102

Issued to: U. S. Nuclear Regulatory Commission

This is to certify that Kerr-McGee Corporation is licensed to possess source material in the following amounts

Natural Uranium in any form in the amount of 250 kilograms
Natural Thorium in any form in the amount of 150 kilograms
Uranium (depleted in U-235) in any form in the amount of 25 kilograms,

and that financial assurance in the amount prescribed by 10 CFR Part 40, \$750,000 has been obtained for the purpose of decommissioning.

ATTEST:

KERR-McGEE CORPORATION

By:

Don Hager
Don Hager
Ass't. Secretary

By:

Kenneth J. Richards
Kenneth J. Richards
Vice President

Date:

6/29/90

CERTIFICATE OF DECOMMISSIONING INSURANCE

K-M INSURANCE COMPANY, the "Insurer", of Oklahoma City, Oklahoma hereby certifies that it has issued decommissioning insurance to Kerr-McGee Corporation, the Insured, covering the cost of decommissioning in accordance with 10 CFR Part 40.

The coverage applies to decommissioning costs associated with materials authorized by License Number SUB-986 issued to the Insured by the Nuclear Regulatory Commission (NRC). The coverage has been issued in connection with the Insured's obligation to demonstrate financial responsibility under 10 CFR Part 40.

The Limit of Coverage is \$750,000.

The coverage is provided by endorsement to Policy Number GAL 89 1001-99 issued on July 1, 1990. The effective date of said policy is July 1, 1989. Policy is continuous until cancelled.

The insurance afforded with respect to such decommissioning is subject to the terms and conditions of the policy, provided however, that any provisions of the policy inconsistent with subsections (a) through (d) of this Paragraph are hereby amended to conform with subsections (a) through (d)

(a) Bankruptcy or insolvency of the insured shall not relieve the Insurer of its obligation under the policy to which this endorsement is attached

(b) The Insurer is liable for the payment of amounts within any deductible applicable to the policy, with a right of reimbursement by the insured for any such payment made by the Insurer

(c) Cancellation of this endorsement, whether by the Insurer or the Insured, will be effective only upon written notice and only after the expiration of ninety (90) days after a copy of such written notice is received by NRC in its regional office in which the licensed facility(ies) is located.

(d) Any other termination of this endorsement will be effective only upon written notice and only after the expiration of ninety (90) days after a copy of such written notice is received by the NRC in its regional office in which the licensed facility(ies) is located.

CERTIFICATE OF DECOMMISSIONING INSURANCE (CONT'D)

I hereby certify that the Insurer is licensed to transact the business of insurance in one or more states.

Rodman A. Frates
Signature of Authorized Representative of Insurer

Typed Name Rodman A. Frates

Title Agent

Address P.O. Box 26967, Oklahoma City, Ok 73126

STANDBY TRUST AGREEMENT

TRUST AGREEMENT, the Agreement entered into as of July 18, 1990 by and between Kerr-McGee Corporation, a Delaware Corporation, herein referred to as the "Grantor", and Liberty National Bank & Trust Company, the "Trustee".

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40. These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a Part 30, 40, 70, or 72 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected to use an insurance policy to provide all of such financial assurance for the facilities identified herein; and

WHEREAS, when payment is made under an insurance policy, this standby trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee,

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means the trustee who enters into this Agreement and any successor Trustee.

Section 2. Costs of Decommissioning. This Agreement pertains to the costs of decommissioning the materials and activities identified in License Number SUB-986 issued pursuant to 10 CFR Part 40 as shown in Schedule A.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a standby trust fund (the Fund) for the benefit of the NRC. The Grantor and the Trustee intend that no third party have access to the Fund except as provided herein.

Section 4. Payments Constituting the Fund. Payments made to the

002

Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund", together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5. Payment for Required Activities Specified in the Plan.
The Trustee shall make payments from the Fund to the Grantor upon presentation to the Trustee of the following:

- a. A certificate duly executed by the Secretary of the Depositor attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate, and
- b. A certificate attesting to the following conditions:
 - (1) that decommissioning is proceeding pursuant to an NRC-approved plan,
 - (2) that the funds withdrawn will be expended for activities undertaken pursuant to that Plan, and
 - (3) that the NRC has been given 30 days' prior notice of Kerr-McGee Corporation's intent to withdraw funds from the escrow fund.

No withdrawal from the fund can exceed 10.0 percent of the outstanding balance of the Fund or 75,000.00 dollars, whichever is greater, unless NRC approval is attached.

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall make payments from the Fund as the NRC shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the NRC, or State agency, from the Fund for expenditures for required activities in such amounts as the NRC, or State agency, shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

4.3.2 Standby Trust Agreement (Continued)

Section 6. Trust Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or a State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal government; and
- (c) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

4.3.2 Standby Trust Agreement (Continued)

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary for prudent management of the Fund;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal government; and
- (e) To comprise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. After payment has been made into this standby trust fund, the Trustee shall annually, at least 30 days before the anniversary date of receipt of payment into the

4.3.2 Standby Trust Agreement (Continued)

standby trust fund, furnish to the Grantor and to the NRC a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the NRC, or State agency, shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor.

Section 13. Successor Trustee. Upon 90 days notice to the NRC, the Trustee may resign; upon 90 days notice to NRC and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the NRC or State agency, and the present Trustee by certified mail 10 days before such change becomes effective. Any expense incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. If the NRC or State agency issues orders, requests, or instructions to the Trustee these shall be in writing, signed by the NRC, or State agency, or their designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders,

4.3.2 Standby Trust Agreement (Continued)

requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, the NRC, or State agency, hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the NRC, or State agency, except as provided herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee and the NRC, or State agency, or by the Trustee and the NRC or State agency, if the Grantor ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the NRC or State agency, or by the Trustee and the NRC or State agency, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor or its successor.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor, the NRC, or State agency, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18. This Agreement shall be administered, construed, and enforced according to the laws of the State of Oklahoma.

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ACKNOWLEDGEMENT

STATE OF Oklahoma

CITY OF Oklahoma City

To Wit:

On this 23 day of July 1990, before me, a notary public in and for the city and State aforesaid, personally appeared John H. Brown, and she/he did depose and say that she/he is the Sr Vice Pres. of Liberty National Bank & Trust Company, national banking association, Trustee, which executed the above instrument, that she/he knows the seal of said association; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the association; and that she/he signed her/his name thereto by like order.

[Signature]
(Signature of notary public)

My Commission Expires

May 6 2003

SCHEDULE "B"

This Schedule "B" is to be attached to and made a part of the Standby Trust Agreement entered into as of July 18, 1990 by and between Kerr-McGee Corporation, the Grantor, and Liberty National Bank & Trust Company, the Trustee.

The initial fund consists of \$100.

4.3.2 Standby Trust Agreement (Continued)

ATTEST:

Don Hager
Signature Don Hager
Title Asst. Secretary

ATTEST:

Don Hager
Signature Don Hager
Title Asst. Secretary

KERR-MCGEE CORPORATION

Russell C. Brown
Title VICE PRESIDENT

LIBERTY NATIONAL BANK & TRUST COMPANY

John H. Brown
Title Asst. Vice Pres.

ISSUED BY: K-M Insurance Company
NAME OF INSURED: Kerr-McGee Corporation, et al
POLICY NUMBER: GAL 89 1001-99
ENDORSEMENT NUMBER: 19
DATE OF ENDORSEMENT: July 1, 1990

DECOMMISSIONING ENDORSEMENT

IT IS UNDERSTOOD THAT:

In consideration of \$2,000 annual premium the coverage under this policy is hereby extended to cover the cost of decommissioning as required by 10 CFR 40.

This endorsement certifies that the policy to which the endorsement is attached provides decommissioning insurance covering the decommissioning costs as required by 10 CFR Part 40. The coverage applies to the material covered by License No. SUB-986 issued to Kerr-McGee Corporation by the Nuclear Regulatory Commission (NRC).

The Limit of coverage granted by this Endorsement is: \$750,000 (U.S. Dollars)

The Company will pay on behalf of the Insured the amount shown above as the Limit of Coverage should the Insured default on the responsibility of carrying out decommissioning in accordance with 10 CFR Part 40. Such payment will be made to the Trustee of the StandBy Trust Fund established by the Insured to receive the proceeds of coverage granted by this endorsement.

The insurance afforded with respect to such decommissioning is subject to the terms and conditions of this policy, provided however, that any provisions of the policy inconsistent with subsections (a) through (d) of this Paragraph are hereby amended to conform with subsections (a) through (d)

- (a) Bankruptcy or insolvency of the Insured shall not relieve the Insurer of its obligation under the policy to which this endorsement is attached.
- (b) The Insurer is liable for the payment of amounts within any deductible applicable to the policy, with a right of reimbursement by the Insured for any such payment made by the Insurer.
- (c) Cancellation of this endorsement, whether by the Insurer or the Insured, will be effective only upon written notice and only after the expiration of ninety (90) days after a copy of such written notice is received by NRC in its regional office in which the licensed facility(ies) is located.

DECOMMISSIONING ENDORSEMENT (CON'D)

- (d) Any other termination of this endorsement will be effective only upon written notice and only after the expiration of ninety (90) days after a copy of such written notice is received by the NRC in its regional office in which the licensed facility(ies) is located.

This endorsement forms a part of the Contract to which attached, effective from its date of issue unless otherwise stated herein.

Countersigned by



Authorized Representative

Rodman A. Frates

(Typed Name)

Agent

(Title Authorized Representative of Insurer)

P.O. Box 26967, Oklahoma City, OK 73126

(Address of Representative)

61200
468851