

Kennecott Corporation
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Salt Lake City, Utah 84111
(801) 322-7000

September 21, 1996

Kennecott

Charlotte Abrams
High Level Waste and Uranium Recovery Branch
Division of Waste Management NMSS (5E2)
11555 Rockville Pike
Rockville, Maryland 20850

**Subject: Sohio Western Mining Co.
 L-Bar, New Mexico
 Docket 40-8904, License SUA-1472
 Surety Renewal**

Dear Ms. Abrams:

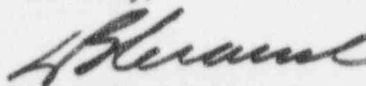
Sohio Western Mining Company has reviewed its 1996 surety for the L-Bar facility, as required by Condition 25 of NRC License SUA-1472, and proposes to update the amount to \$2,355,876 to reflect only the effects of inflation since July 1995 on the current surety of \$2,288,369. This revision would incorporate the CPA change from that used in the last update, 152.5, to that quoted in the July 1996 BNA for all urban consumers, 157.0, a 2.95 per cent increase.

In addition to routine reclamation maintenance and monitoring activities, considerable effort has been expended during 1996 to better characterize the tailings, tailings fluid, and the aquifer below the tailings. The results of these studies have been most encouraging, and we are proceeding with plans and designs to place the final erosion cover in the near future.

Supporting documentation for the basis of the surety amount has already been provided to the docket. Upon receipt of your approval, we will increase the surety by amending the Letter of Credit from First Security Bank, Salt Lake City, Utah, effective December 31, 1996,

Please advise if you have any questions.

Sincerely,



David B. Crouch
On behalf of Sohio Western Mining Co.

cc: Linda McLean, Reg. IV
Tom Osborn, INTERA

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PDR ADOCK 04008904
C PDR

Add: Bob Shewmaker Ltr
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