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December 18, 1996

Mr. Richard Ratliff, Chief
Bureau of Radiation Control
Texas Department of Health
1100 West 49th Street
Austin, TX 78756-3189

Dear Mr. Ratliff:

Thank you for taking the time to meet with representatives of Waste Control Specialists, LLC, on December 5, 1996 concerning the items that will be required for the Texas Department of Health's completion of its review of WCS' application.

On the issue of financial assurances, we were encouraged by your clarification of the requirements applicable to WCS. In particular, we understood the following from our meeting:

1. Use of existing TNRCC RCRA/TSCA Assurances to Assist in Satisfying TDH Radiological Assurances.

We understand that your primary difficulty at present is simply an administrative problem, i.e., the inability of TDH to access those funds available through TNRCC (up to \$18 million). Of course, we realize that such TNRCC funds could not alone satisfy TDH's financial assurances requirements. We agreed that you would designate a lead attorney from TDH to work directly with WCS and with TNRCC attorneys to work out an acceptable administrative solution to this problem, possibly in the form of a memorandum of understanding between the two agencies. We await your designation in this regard.

2. Demonstration of "Disposition" in Lieu of "Disposal."

We understand from you that it is not necessarily the case that WCS must demonstrate a "disposal" option for materials stored at the site; rather it is simply necessary to demonstrate an ultimate disposition, which could include disposal. For example, in the case of DOE waste or waste from a significant single generator other than DOE, it would suffice to show that WCS' contracts with such

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generators will stipulate that Texas may compel the return of the material to the generator in the event of a major default or abandonment by WCS. For certain other materials (e.g., the bulk of Class A materials), WCS could demonstrate an actual disposal option. For materials which may not be returned to the generator, and for which no disposal option is available, WCS would post sufficient financial assurances (either alone or in conjunction with, for example, letters of credit from generators) to satisfy TDH as to the long-term care of the material.

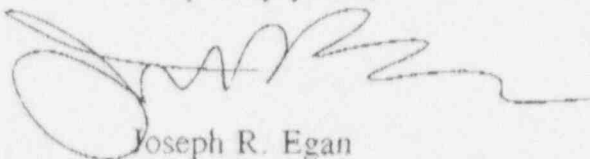
3. Waste Categories and their Corresponding Assurances.

- Class A waste: the bulk of such materials currently have a disposal option.
- DOE waste: a return-to-generator option is available.
- Other than Class A (generally), non-DOE waste not commingled: a return-to-generator contractual assurance could be employed.
- Other than Class A (generally), non-DOE waste that is commingled: would require special financial assurances in the form of letters of credit from generators or similar financial devices from WCS to satisfy TDH.

Please let me know if my understanding is not correct, or if there are further issues of which we should be aware. (I am aware of current differences in the definitions of "Class A" waste that would apply in this case).

Thanks again for your time and cooperation.

Very truly yours,



Joseph R. Egan

cc: Ms. Jo Betsy Norton, Office of Senator Teel Bivins
Ms. Carol S. Daniels, Deputy Commissioner for Programs
Mr. Joel Fuller, Associate Commissioner for Environmental and Consumer Health
Ms. Ruth E. McBurney, Director, Division of Licensing, Registration and Standards
Mr. Wesley M. Dunn, Deputy Director, Licensing, Division of Licensing, Registration and Standards
Mr. Alan Messenger
Mr. Michael Woodward
Mr. Kenneth Bigham

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FACSIMILE TRANSMITTAL

Date: 1-15-97

TO: Richard Bangart
Director
Office of State Programs
TELECOPIER NUMBER: 301-415-3502

FROM: Richard A. Ratliff, P.E.
Bureau of Radiation Control
512 - 834-6688

COMMENTS:

Please advise me if the financial
security requirements would allow this
proposed sharing of security. Thanks

TOTAL PAGES (including cover sheet) 3

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1/21/97 - OGC/OSP held conference call w/ R. Ratliff/TX

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