



GENE G. ELAM  
VICE PRESIDENT, FINANCE  
AND CHIEF FINANCIAL OFFICER

March 26, 1997

U.S. Nuclear Regulatory Commission  
Division of Waste Management  
11555 Rockville Pike  
Rockville, MD 20850

Attn: Mr. Joseph Holonich  
Chief, High Level Waste and Uranium Projects Branch

Re: Docket # 40-8903, License # SUA 1471  
Financial Test to Demonstrate Financial Assurance

Dear Mr. Holonich:

I am the Vice President, Finance and Chief Financial Officer of Homestake Mining Company, a Delaware Corporation having its principal place of business at 650 California Street, San Francisco, CA 94108 ("Homestake" and "Guarantor"). This letter is in support of this company's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 40, Appendix A.

Homestake Mining Company of California ("Licensee") is a wholly-owned subsidiary of Guarantor and holds the license SUA 1471 ("License") for the Milan Mill Uranium recovery facilities ("Facilities").

Homestake guarantees, through the parent company guarantee submitted for compliance under 10 CFR Part 40, Appendix A, the decommissioning, reclamation and long-term surveillance and control of the Licensee's facilities. The cost estimate for reclamation, decommissioning, and long-term surveillance and control so guaranteed for these facilities is \$24,000,000.

I further attest that the licensee for which this parent company guarantee is being made has a positive tangible net worth.

Guarantor is required to file a Form 10-K with the Securities and Exchange Commission ("SEC") for the latest fiscal year.

The fiscal year of Homestake ends on December 31. The figures for the following items marked with an asterisk are contained in or derived from Homestake's independently audited, year-end financial statements and footnotes for the latest completed fiscal year ended December 31, 1996.

160107

HOMESTAKE MINING COMPANY

650 CALIFORNIA STREET, 9TH FLOOR, SAN FRANCISCO, CA 94108-2788 (415) 981-8150

9704170027 970326  
PDR ADOCK 04008903  
C PDR



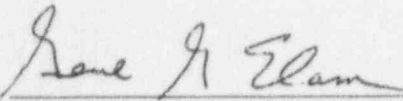
1105  
1/1

HOMESTAKE MINING COMPANY  
FINANCIAL TEST TO DEMONSTRATE FINANCIAL ASSURANCE  
(In Thousands)

1.	Sum of decommissioning, reclamation and long-term surveillance and control cost estimates for facilities SUA 1471.		\$24,000
2.*	Total liabilities (excluding Grants reclamation accrual)		\$707,403
3.*	Tangible net worth (excluding Grants reclamation accrual)		\$774,705
4.*	Net worth (excluding Grants reclamation accrual)		\$774,705
5.*	Current assets		\$379,348
6.*	Current liabilities		\$116,731
7.*	Net working capital (line 5 minus line 6)		\$262,617
8.*	The sum of net income plus depreciation, depletion, amortization and noncash charges for property write-downs		\$142,634
9.*	Total assets in U.S. (required only if less than 90 percent of firm's assets are located in the U.S.)		\$522,565
		<u>Yes</u>	<u>No</u>
10.	Is line 3 at least \$20 million?	X	
11.	Is line 3 at least 6 times line 1?	X	
12.	Is line 7 at least 6 times line 1?	X	
13.	Are at least 90 percent of firm's assets located in the U.S.? If not, complete line 14.		X
14.	Is line 9 at least 6 times line 1?	X	
15.	Is line 2 divided by line 4 less than 2.0?	X	
16.	Is line 8 divided by line 2 greater than 0.1?	X	
17.	Is line 5 divided by line 6 greater than 1.5?	X	

\* Denotes figures contained in or derived from December 31, 1996 financial statements.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "Gene G. Elam", written over a horizontal line.

Gene G. Elam  
Vice President, Finance and Chief Financial Officer

March 26, 1997

Date

H:\USER\VMANSOUR\WORD6\FILES\DWP\1997\NUCLAR97.DOC

March 26, 1997

Homestake Mining Company  
650 California Street, 11th Floor  
San Francisco, California 94108

Dear Sirs:

We have audited the consolidated financial statements of Homestake Mining Company and subsidiaries (the Company) for the year ended December 31, 1996, and have issued our report thereon dated February 7, 1997, except for Note 24 as to which the date is March 10, 1997. Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. This letter is based on our knowledge as of February 7, 1997, except for Note 24 as to which the date is March 10, 1997, obtained in performing our audit of such financial statements, and should be read with that understanding.

At your request, we have performed the procedures enumerated below with respect to the accompanying letter from Mr. Gene G. Elam, Vice President, Finance and Chief Financial Officer of Homestake Mining Company, to the United States Nuclear Regulatory Commission (NRC) dated March 26, 1997, which includes documents prepared by the Company regarding its financial responsibility under the NRC financial assurance regulations, in compliance with Appendix A of 10 CFR Part 40. It is understood that this letter is furnished solely for filing with the NRC in accordance with these regulations and is not to be used for any other purpose. The procedures that we performed are summarized as follows:

1. We compared the amounts included in items 5, 6, and 9 in the letter referred to above with the corresponding amounts included in the financial statements referred to in the first paragraph.
2. We recomputed from, or reconciled to, the financial statements referred to in the first paragraph the information included in items 2, 3, 4, 7, and 8 in the letter referred to above.
3. We proved the mathematical accuracy of the responses to items 10 through 17, inclusive, in the letter referred to above.

March 26, 1997

Because the procedures referred to in the preceding paragraph were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the information or amounts listed above which are included in the aforementioned letter. In performing the procedures referred to above, however, no matters came to our attention that caused us to believe the information included in items 2 through 17, inclusive, in the aforementioned letter should be adjusted.

Very truly yours,

*Carpus & Lybrand L.L.P.*