

UNION CARBIDE CORPORATION OLD RIDGEBURY ROAD, DANBURY, CT 06817

U. S. Nuclear Regulatory Commission
Region IV
Uranium Recovery Field Office
Box 25325
Denver, Colorado 80225

Gentlemen:

I am the Chief Financial Officer of Union Carbide Corporation Old Ridgebury Road, Danbury, Connecticut 06817. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, for the decommissioning, decontamination, and reclamation estimates, as well as the long-term surveillance in compliance with 10 CFR Part 40, Appendix A.

1. This firm is the owner or operator of the following facilities for which financial assurance for decommissioning, decontamination, reclamation, and long-term surveillance is demonstrated through the financial test submitted for compliance under 10 CFR Part 40, Appendix A. The current decommissioning, decontamination, reclamation, and long-term surveillance cost estimates covered by the test are shown for each facility:

NONE

2. This firm guarantees, through the corporate guarantee submitted for compliance under 10 CFR Part 40, Appendix A, and attached hereto as Exhibit A, the decontamination, decommissioning, reclamation, and long-term surveillance of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates for the reclamation, decontamination, decommissioning, and long-term surveillance so guaranteed are shown for each facility:

Name:	Umetco Minerals Corporation
Address:	Blanding, Utah (White Mesa Mill)
License Number:	SUA-1358
Decommissioning, Decontamination,	
Reclamation:	\$3,792,600.00
Long-term Surveillance:	250,000.00

8512090498 851115
PDR ADOCK 04008681
C PDR

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

The fiscal year of this firm ends on December 31. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended 1984.

1. Sum of current decontamination, decommissioning, reclamation, and long term surveillance cost estimates [total of all cost estimates shown in the two paragraphs above]. \$4,042,600.00
 2. Current bond rating of most recent issuance of this firm and name of rating service. Standard & Poor's BBB+
Moody's A3
 3. Date of issuance of bond. June 1, 1983
 4. Date of maturity of bond. June 1, 2003
 - *5. Tangible net worth [if any portions of the reclamation, decontamination, decommissioning, and long-term care surveillance estimates are included in "total liabilities" on your firm's financial statements, you may add the amount of the portion to this line]. \$3,998,813,000.00
 - *6. Total assets in U. S. (required only if less than 90 percent of firm's assets are located in the U. S.). \$8,180,548,000.00
- | | <u>Yes</u> | <u>No</u> |
|----------------------------------------------------------------------------------------------|------------|-----------|
| 7. Is line 5 at least \$10 million? | <u>X</u> | _____ |
| 8. Is line 5 at least 6 times line 1? | <u>X</u> | _____ |
| *9. Are at least 90 percent of firm's assets located in the U. S.? If not, complete line 10. | _____ | <u>X</u> |
| 10. Is line 6 at least 6 times line 1? | <u>X</u> | _____ |

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

Very truly yours,

A handwritten signature in dark ink, appearing to read "J. Clayton Stephenson", is written over a horizontal line. To the right of the signature, there are small handwritten initials "CD".

J. Clayton Stephenson
Executive Vice President and
Chief Financial Officer

October 29, 1985

(date)

EXHIBIT A

CORPORATE GUARANTEE FOR DECOMMISSIONING, DECONTAMINATION, RECLAMATION AND LONG-TERM SURVEILLANCE OF THE WHITE MESA MILL

Guarantee made this October 29, 1985 by Union Carbide Corporation, a business corporation organized under the laws of the State of New York, herein referred to as guarantor, to the United States Nuclear Regulation Commission ("NRC"), obligee, on behalf of our subsidiary Umetco Minerals Corporations ("Umetco"), of Old Ridgebury Road, Danbury, Connecticut 06817.

Recitals

1. Guarantor meets or exceeds the following financial test criteria, and agrees to comply with all reporting requirements for sureties as specified in 10 CFR Part 40, Appendix A:

Guarantee shall meet one of the following two financial tests:

(a) (i) The guarantor's most recently issued senior credit obligations are "BBB" or higher by Standard and Poor's Corporation, or "Baa" or higher by Moody's Investors Service, Inc.; and

(ii) The guarantor's tangible net worth is at least \$10 million and is equal to or greater than six times the sum of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the Radioactive Material License SUA-1358 (the "License"); and

(iii) The guarantor's assets located in the United States amount to at least 90 percent of its total assets or at least six times the amount of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; OR

(b) (i) Guarantor's tangible net worth and net working capital are each equal to or greater than six times the sum of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; and

(ii) Guarantor's assets located in the United States amount to at least 90 percent of its total assets or at least six times the amount of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; and

(iii) Guarantor meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and

(iv) Guarantor's tangible net worth is at least \$10 million dollars.

2. Umetco owns or operates the following mill(s) covered by this guarantee:

Name:	Umetco Minerals Corporation
License Number:	SUA-1358
Mill Address:	San Juan County, near Blanding, Utah
Local Mailing Address:	P.O. Box 1029 Grand Junction, Colorado 81502

3. "Reclamation Plan" as used below refers to the plans maintained as required and required by 10 CFR Part 40, Appendix A, for the decontamination, decommissioning, and reclamation of facilities as identified above.

4. For value received from Umetco, guarantor guarantees to NRC that in the event that Umetco fails to perform the required decontamination, decommissioning, and reclamation of the above facility in accordance with the Reclamation Plan required by License No. SUA-1358, the guarantor shall do so, and shall also cover eventual payment of the charge for long term surveillance required by the Criteria of 10 CFR Part 40, Appendix A.

5. Guarantor agrees that if, at any time during the one year period when this guarantee is in effect, that the guarantor fails to meet the financial test criteria, guarantor shall within 90 days, by certified mail, send notice to the NRC and to Umetco that he intends to provide alternate financial assurance as specified in Criteria 9 of 10 CFR Part 40, Appendix A, as applicable, in the name of Umetco. Within 120 days after the end of such action, the guarantor shall establish such financial assurance unless Umetco has done so.

6. The guarantor agrees to notify the NRC by certified mail, of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by NRC of a determination that guarantor no longer meets the financial test criteria or that he is disallowed from continuing as a guarantor of decontamination, decommissioning, and reclamation care, he shall establish alternate financial assurance as specified in 10 CFR Part 40, Appendix A, as applicable, in the name of Umetco unless Umetco has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the reclamation plan, amendment or modification of the license, the extension or reduction of the time of performance of reclamation, decontamination, or decommissioning, or any other modification or alteration of an obligation of the license pursuant to 10 CFR Part 40, Appendix A.

9. Guarantor agrees to remain bound under this guarantee for so long as Umetco must comply with the applicable financial assurance requirements of 10 CFR Part 40, Appendix A, for the above-listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to Umetco, such cancellation to become effective no earlier than 120 days after receipt of such notice by both NRC and Umetco, as evidenced by the return receipts.

10. Guarantor agrees that if Umetco fails to provide alternate financial assurance as specified in Appendix A of 10 CFR Part 40, as applicable, and also to obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by the NRC from guarantor, guarantor shall provide such alternate financial assurance in the name of Umetco.

11. Notwithstanding any other provision of this guarantee, should Umetco not remain a wholly-owned subsidiary of the guarantor, the guarantor shall have the right to terminate this guarantee in accordance with the procedures set forth in this paragraph. The guarantor shall send a notice of termination by certified mail to the NRC and Umetco. Within 30 days after receipt of the notice of termination, the NRC and Umetco shall execute the Surety Agreement attached hereto as Attachment A (hereinafter, the "Replacement Surety Agreement") which provides that, within 6 days of the date of

its execution, Umetco shall submit and the NRC shall accept an irrevocable letter of credit in the amount of the then current cost estimate for decontamination, decommissioning and reclamation of the White Mesa Mill. Termination of this guarantee shall become effective upon execution of the Replacement Surety Agreement and acceptance by the NRC of the irrevocable letter of credit referenced therein.

12. If the guarantor files quarterly Financial Reports with the SEC, then he shall promptly submit them to the Commission during the year in which this guarantee is in effect.

13. Guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Umetco. Guarantor also expressly waives notice of amendments or modifications of the reclamation plan and of amendments or modifications of the license.

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

Effective Date:

October 29, 1985

Name of guarantor:

Union Carbide Corporation

Authorized signature for guarantor:

 *cm* *(v)*

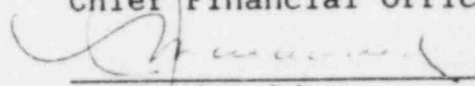
Name of person signing:

J. Clayton Stephenson

Title of person signing:

Executive Vice President and
Chief Financial Officer

Signature of witness or notary


J. Macdonald