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DOCKET NO.

40-1376
40-3453
40-4389

TELEPHONE 296-5565

IN ASSOCIATION WITH
J. HOWARD McGRATH
FREDERIC AYER, JR.

ENC. FILE COPY

August 22, 1963.

Division of Licensing and Regulation
United States Atomic Energy Commission
Washington 25, D. C.

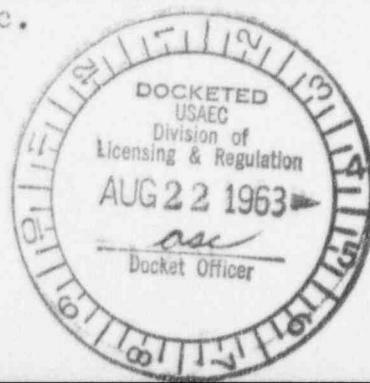
Attention: Mr. Lyall Johnson
Assistant Director for Materials Licensing
Division of Licensing and Regulation.

Dear Sirs:

Reference is made to your letter of July 29, 1963 confirming that no further action needs to be taken with respect to AEC's Source Material License R-163 by the First Security Bank of Utah, as Trustee, or by the Commission from the standpoint of the Commission's regulations contained in Title 10, Code of Federal Regulations, Part 40, Licensing of Source Material, by reason of the execution and delivery of the Supplemental Loan Agreement and the Second Supplemental Indenture referred to in your letter.

The agreement entered into on June 24, 1963, between the Atomic Energy Commission, Atlas Corporation and said Trustee (the "Letter Agreement") expressly provided that it would be effective only upon the acquisition by Atlas of all the capital stock of Texas-Zinc Minerals Corporation (TZM). Such acquisition was completed on July 30, 1963 and the Letter Agreement accordingly became effective on that date. The Letter Agreement, among other things, terminated Contract No. AT(05-1)-696 between the Atomic Energy Commission and TZM and provided that a specified quantity of the uranium concentrate deliverable under said Contract would be delivered by Atlas under Contract No. AT(05-1)-266, as amended by the Letter Agreement. The Letter Agreement further provided that such uranium concentrate could be milled at either the Mexican Hat Mill of TZM or the Moab Mill of Atlas. Atlas is permitted under the Letter Agreement to close the Mexican Hat Mill should its continued operation be uneconomic.

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ACKNOWLEDGED
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Division of Licensing and Regulation
United States Atomic Energy Commission.

Under financing arrangements with the Banks parties to the Loan Agreement and Supplemental Loan Agreement referred to in your letter, all the capital stock of TZM is pledged with the Trustee and the Trustee might, if there were a default, become the owner of all such capital stock.

In view of the aforementioned, answers to the following questions would be appreciated:

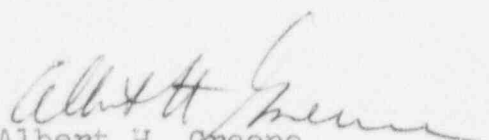
1. Since TZM will remain a corporate entity and is the recipient of AEC's Source Material License No. R-185, need any further action be taken (by reason of Atlas Corporation's present ownership of such stock or the Trustee's possible future ownership thereof) from the standpoint of the Commission's regulations contained in Title 10, Code of Federal Regulations, Part 40, Licensing of Source Material?
2. Since Atlas Corporation is the recipient of AEC's Source Material License No. R-161 covering its operation at Moab, Utah, need any further action be taken because it may mill at the Moab mill all or part of the ore presently milled at Mexican Hat from the standpoint of the Commission's regulations contained in Title 10, Code of Federal Regulations, Part 40, Licensing of Source Material?
3. Since First Security Bank of Utah, as Trustee, is the recipient of AEC's Source Material License No. R-163 covering the operation of the Moab mill by the Trustee in case of default, need any further action be taken because, upon default, it may mill at the Moab mill all or part of the ore presently milled at Mexican Hat from the standpoint of the Commission's regulations contained in

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Division of Licensing and Regulation
United States Atomic Energy Commission.

Title 10, Code of Federal Regulations,
Part 40, Licensing of Source Material?

Sincerely,


Albert H. Greene.

AHG/ljd.

FROM: Ford, Lorton, Greene & Haran Lawyers for (ATLAS CORPORATION) Washington, D. C.		DATE OF DOCUMENT: 8-22-63		DATE RECEIVED: 8-22-63		NO.: 5849	
TO: Lyall Johnson DIAR		LTR. <input checked="" type="checkbox"/>		MEMO: <input type="checkbox"/>		REPORT: <input type="checkbox"/>	
		ORIG.: <input checked="" type="checkbox"/>		CC: 1		OTHER: <input type="checkbox"/>	
CLASSIF.: U		POST OFFICE		ACTION NECESSARY <input type="checkbox"/>		CONCURRENCE <input type="checkbox"/>	
REG. NO:		FILE CODE: 40-2376, -4389, & -3453		NO ACTION NECESSARY <input type="checkbox"/>		COMMENT <input type="checkbox"/>	
DESCRIPTION: (Must Be Unclassified)		REFERRED TO		DATE		RECEIVED BY	
Mr. ref. our 7-29-63 ltr. and req. to be advised in regard to lic. R-163 and the acquisition by Atlas of the stock of Texaco-Zinc Corp.....		Lyall Johnson: 8-23					
ENCLOSURES:		w/file cys. & files (except -2376 folder)					
		1-compliance cy.					
		2-extra cys.					
REMARKS: Mail Room Distribution: 3-PIN Copies						ACKNOWLEDGED	
						5849	