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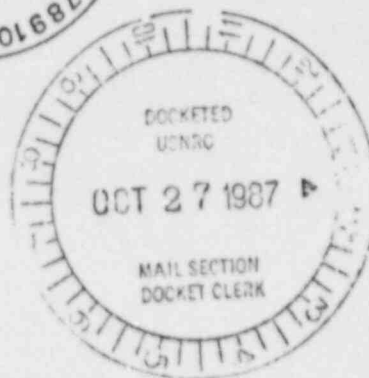
# Umetco Minerals Corporation



P.O. BOX 1029 • GRAND JUNCTION, COLORADO 81502  
(303) 245-3700

October 26, 1987

RETURN ORIGINAL TO PDR, HQ.



Mr. Howard Rose  
U.S. Nuclear Regulatory Commission  
Uranium Recovery Field Office  
730 Simms Street  
Suite 100  
Golden, Colorado 80401

Dear Mr. Rose:

Attached is a proposed format for a Letter of Credit for the White Mesa Surety. We have modified your "Recommended Wording for Irrevocable Letter of Credit".

Please call me at (303) 245-3700 to discuss the draft.

Very truly yours,

  
J. F. Frost

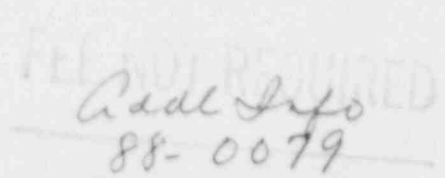
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Attachment

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PDR ADOCK 04008681  
C PDR

DESIGNATED ORIGINAL

Certified By Mary C. Hood

  
88-0079

D R A F T

United States Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Sir or Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. \_\_\_\_\_ in your favor to provide funds under certain conditions for the decommissioning, decontamination, reclamation and long-term surveillance of Umetco Minerals Corporation's White Mesa, Utah, uranium and vanadium facility pursuant to Source Material License SUA-1358.

This Irrevocable Standby Letter of Credit has been established at the request and for the account of Umetco Minerals Corporation, 39 Old Ridgebury Road, Danbury, Connecticut 06817, up to the aggregate amount of four million three hundred fifty-nine thousand thirty-three U.S. dollars (U.S. \$4,359,033.00) available upon presentation of:

- 1) Your sight draft, signed by the Chief of the United States Nuclear Regulatory Commission Uranium Recovery Field Office, bearing upon its face the following: "Drawn under Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_. The total of this draft, and all drafts previously drawn under this Letter of Credit, does not exceed U.S. \$4,359,033.00."
- 2) Your statement, signed by the Chief of the United States Nuclear Regulatory Commission Uranium Recovery Field Office, reading as follows: "I certify (a) that the amount of this draft is payable pursuant to regulations and Source Material License SUA-1358 (the "License") issued under authority of the Atomic Energy Act, as amended by the Uranium Mill Tailings Radiation Control Act (hereinafter, the "Act") and, (b) Umetco Minerals Corporation ("Umetco") has failed to demonstrate or achieve compliance with the decontamination, decommissioning, reclamation and long-term surveillance requirements of the License and Umetco has exhausted or waived its right under the Act and regulations promulgated thereunder to review the United States Nuclear Regulatory Commission's determination of said noncompliance."
- and,
- 3) proof that Umetco Minerals Corporation has been advised of the United States Nuclear Regulatory Commission's intention to draw under this Letter of Credit.

This Letter of Credit is effective as of (date) and shall expire on (one year later) but such expiration date shall be automatically extended for a period of at least one year on (date) and on each successive expiration date, unless, at least 120 days before the current expiration date, we notify both you and Umetco Minerals Corporation by certified mail that we have decided not to renew this Letter of Credit beyond the current expiration date.

The bank shall give immediate notice to Umetco Minerals Corporation and the United States Nuclear Regulatory Commission of: (a) any notice received or action filed alleging the insolvency or bankruptcy of the bank; or (b) alleging any violations of regulatory requirements which could result in suspension or revocation of the bank's charter or license to do business; or (c) the bank, for any reason, becomes unable to fulfill its obligation under the letter of credit.

Whenever this letter of credit is drawn on under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall remit to you in accordance with your instructions.

Notices sent to Umetco Minerals Corporation should be addressed to:

39 Old Ridgebury Road  
Danbury, Connecticut 06817

Attention \_\_\_\_\_ (title) \_\_\_\_\_

This credit is subject to the Uniform Customs and Practice for Documentary Credits, 1983 Revision, International Chamber of Commerce, Publication No. 400.

[Signature(s) and title(s) of official(s) of issuing institution]

[Date]