

October 17, 2003

Mr. John H. Ellis, President
Sequoyah Fuels Corporation
P.O. Box 610
Gore, OK 74435

SUBJECT: RAFFINATE SLUDGE DEWATERING

Dear Mr. Ellis:

By letter dated September 19, 2003, you informed the U.S. Nuclear Regulatory Commission (NRC) that Sequoyah Fuels Corporation (SFC) planned to initiate a project to dewater raffinate sludge currently located in three Clarifier Basins. You stated that SFC concluded that Materials License No. SUB-1010 allows you to carry out the project without further NRC approval. At a meeting on October 1, 2003, NRC staff stated that several proposed components of the project did not appear to be covered in the reviews that NRC has performed in the past and thus concluded that SFC would need to obtain NRC approval before proceeding.

We can consider the project described in your September 19th letter to be composed of three major components: 1) dewatering the raffinate sludge in high pressure filter presses and packaging the dewatered sludge in polypropylene storage bags; 2) storing the bags of dewatered sludge on the South Yellowcake Pad; and 3) treating the liquid removed in the process and applying it on land as fertilizer.

We conclude that the first two components described above, while having some similarities to activities previously performed by SFC under its license, have not been specifically assessed by NRC, either for safety implications or for potential environmental consequences. Therefore, before SFC can proceed with those activities, you must obtain NRC approval in the form of an amendment to your license. Your license amendment request should include a complete description of all proposed activities, components to be constructed, and equipment to be used. Your analysis should consider, among other things, ground water protection, flood protection of system components and stored sludge, worker protection, airborne effluents, and potential accidents. An environmental report, as required by 10 CFR 51.60, should be included.

The third activity, treatment and release of treated raffinate solution has been an ongoing activity at SFC, is specifically addressed in section 1.8 of the License Renewal Application dated August 1985, and was analyzed in NRC's Environmental Assessment for the renewal of your license (NUREG-1157, 1985). Therefore, that activity does not need further approval from NRC.

If you have any questions concerning this letter, please notify the NRC point of contact, Dr. Myron Fliegel, at (301) 415-6629 or by e-mail at MHF1@nrc.gov.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Gary S. Janosko, Chief
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

Docket No. 40-8027
License No. SUB-1010

cc: William Andrews, USGS
Patricia Ballard, NRMNC
Michael Broderick, OK DEQ
Kelly Burch, Esq., OK AG
Will Focht, OSU
Alvin Gutterman, Esq., Morgan Lewis & Bockius
Pat Gwin, Cherokee Nation
Craig Harlin, SFC
Jim Harris, USACE
Michael Hebert, EPA
Kathy Peter, USGS
Troy Poteete, Cherokee Nation
Charles Scott, USFWS
Rita Ware, BIA

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Sincerely,

/RA/

Gary S. Janosko, Chief
 Fuel Cycle Facilities Branch
 Division of Fuel Cycle Safety
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 Office of Nuclear Material Safety
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