



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20545

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Docket No. 40-8027  
License No. SUB-1010  
EA 90-158

NOV 5 1990

Sequoyah Fuels Corporation  
ATTN: Mr. Reau Graves, Jr., President  
P.O. Box 610  
Gore, Oklahoma 74435

Dear Mr. Graves:

On August 22, 1990, Sequoyah Fuels Corporation (SFC) notified NRC Region IV that uranium contaminated water had been discovered in an open excavation immediately adjacent to the solvent extraction (SX) building at the SFC site. Since that report was received, NRC followup activities relative to this matter have included an Augmented Inspection Team (Inspection Report 90-04 dated October 11, 1990), extensive inspection coverage by NRC since the restart of SFC operations on September 14, 1990, and ongoing inquiries by the NRC Office of Investigations into related matters.

While these NRC review activities have not been concluded, they have progressed to the point where NRC is concerned that certain aspects of the SFC safety and environmental programs are not operating in full accord with NRC requirements and with due regard for adequate protection of the public health and safety. Therefore, you are required to respond to the enclosed Demand for Information in accordance with the instructions provided therein. This information is necessary to determine whether to modify, suspend or revoke your NRC license, and/or whether to renew your license.

This letter also acknowledges receipt of a letter dated October 26, 1990, from your legal counsel, Ira S. Shapiro, Winthrop, Stimson, Putnam & Roberts, to William C. Parler, NRC General Counsel. In this letter, Mr. Shapiro requests a meeting between his firm and representatives of NRC to discuss issues involved in the NRC investigation of this incident. The NRC intends to schedule a meeting with appropriate management personnel of Sequoyah Fuels Corporation following receipt of your response to Section V. A. of the Demand for Information.

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Mr. Reau Graves, Jr., President

- 2 -

In accordance with Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter will be placed in the NRC Public Document Room.

Sincerely,



Hugh L. Thompson, Jr.  
Deputy Executive Director for  
Nuclear Materials Safety, Safeguards,  
and Operations Support

Enclosure: Demand for Information

cc: Ira S. Shapiro, Esq.  
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