



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-8064

DEC 23 1992

Docket No. 40-8027
License No. SUB-1010
CAL 92-12

Sequoyah Fuels Corporation
(Subsidiary of General Atomics)
ATTN: James J. Sheppard
President
P.O. Box 610
Gore, Oklahoma 74435

Dear Mr. Sheppard:

SUBJECT: CONFIRMATORY ACTION LETTER

By letter dated November 18, 1992, NRC confirmed commitments made by Sequoyah Fuels Corporation during a telephone conversation between Mr. John Ellis, Senior Vice President of Sequoyah Fuels Corporation (SFC), and myself on November 17, 1992. These commitments included continued suspension of production operations at the Sequoyah facility until SFC had (1) completed an investigation of the circumstances and causes of the release of nitrogen dioxide on November 17, and (2) briefed NRC staff on the findings and obtained NRC concurrence on the restart of the uranium processes.

By letter dated November 23, 1992, to Mr. Robert Bernero, Director, Office of Nuclear Materials Safety and Safeguards, SFC informed NRC of its decision to place the uranium conversion (UF6) plant in standby mode and to cease uranium conversion operations. SFC also noted its intent to resume uranium reduction operations in the depleted uranium tetrafluoride (DUF4) plant upon receipt of NRC concurrence to restart the plant. These decisions were discussed further during a public meeting held at NRC headquarters on December 1, 1992.

SFC briefed NRC on the findings of its investigation and the corrective actions taken in response to the event during a public meeting held at the Sequoyah facility on December 9, 1992, and provided documentation of the investigation findings by letter dated December 8, 1992. At our request, you supplemented the information you provided in this letter with another letter dated December 14, 1992. NRC Region IV staff conducted an inspection to verify implementation of the described corrective actions on December 9-11 and 16-17, 1992.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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In response to questions concerning the outstanding items that were not yet completed on December 17, SFC provided a second letter dated December 22, 1992, describing the status of the items discussed in its December 14 letter. A NRC inspector verified that the remaining corrective actions were implemented with the exception of additional instruction being provided to one DUF4 shift supervisor who is not available at the site at this time. It is my understanding that the shift supervisor will receive instruction regarding the operational deviation program and procedure compliance prior to assuming supervisory responsibilities for DUF4 operations.

Based upon the findings of this inspection, I have concluded that the general and DUF4 plant specific corrective actions have been completed as described in the attachments to your letter dated December 8, 1992, and in your supplemental letters dated December 14 and 22, 1992.

Therefore, in accordance with our discussion on December 23, 1992, I am modifying my letter of November 18, 1992, to permit you to resume uranium reduction operations in the DUF4 plant.

In accordance with your letter dated November 23 and discussions with NRC staff on December 1, 1992, it is my understanding that the uranium conversion (UF6) plant will remain in standby mode for an indefinite period of time unless SFC requests and receives NRC concurrence to resume uranium conversion operations or to pursue process activities involving licensed material other than those discussed in your earlier correspondence. Further, as stated in your November 23 letter, SFC will continue to comply with all provisions of Source Material License No. SUB-1010 applicable to its activities.


Pursuant to discussions held with you and members of your staff on December 17, 1992, we understand that significant reductions in staffing are expected to occur during the following months while the DUF4 facility is in operation. Based upon confirmation provided by you and your staff, I understand that a sufficient staffing level will be maintained to support your planned activities including continued DUF4 operations, concurrent shutdown of the UF6 facility, and your contingency response plan during this period.

Pursuant to Section 182 of the Atomic Energy Act, 42 U.S.C. 2232, and 10 CFR 2.204, you are required to notify me immediately if your understanding differs from that set forth above.

Issuance of the Confirmatory Action Letter does not preclude issuance of an order formalizing the above commitments or requiring other actions on the part of the licensee. Nor does it preclude the NRC from taking any action for violations of NRC requirements that may have prompted the actions addressed in

this letter. In addition, failure to take actions addressed in this Confirmatory Action Letter may result in enforcement action.

Sincerely,


James L. Milhoan
Regional Administrator

cc:
NRC Public Document Room
Oklahoma Radiation Control Program Director

U. S. Army Corp of Engineers
Operations Division
ATTN: Dr. L. Mason, CESWT-OD-RR
P.O. Box 61
Tulsa, OK 74121-0061

Diane Curran, Esq.
Harmon, Curran & Tousley
2001 S Street, N.W., Suite 430
Washington, D.C. 20009

Brita Haugland-Cantrell, Esq.
2300 North Lincoln Boulevard
112 State Capitol Building
Oklahoma City, OK 73105-4894

James Wilcoxon, Esq.
Wilcoxon & Wilcoxon
Attorney for Cherokee Nation
P.O. Box 357
Muskogee, OK 74402-0357

Newman & Holtzinger, P.C.
ATTN: Maurice Axelrad
1615 L Street, N.W.
Suite 1000
Washington, D.C. 20036

General Atomics
ATTN: R. N. Rademacher
Vice President
Human Resources
P.O. Box 85608
San Diego, CA 92138

bcc:

DMB - Original (IE-07)

JLMilhoan

JMMontgomery

LJCallan

JPJaudon

MRodriguez, OC/LFDCB (4503)

WLFisher

CLCain

LLKasner

NMIS

MIS System

RIV Files (1)

REHall, URFO

JTGreeves, NMSS (6 H3)

JWNHickey, NMSS (6 H3)

MTokar, NMSS (6 H3)

MLHorn, NMSS (6 H3)

SLuttal, OGC (15 B18)

JGoldberg, OGC (15 B18)

TRCombs, OCA (17 A3)

JLieberman, OE (7 H5)

GMVasquez

JGilliland

GFSanborn, EO

for John Hickey by release
12/23/92

AI 92-516

RIV:NMIS	C:NMIS	NMSS/IMSB	NMSS/IMSB	C:NMSS/IMSB
LLKasner	CLCain	MLHorn	MTokar	JWNHickey
12/22/92	12/22/92	12/ /92	12/ /92	12/ /92

DD:NMSS/IMNS	D:DRSS	DRA	RA	
JTGreeves	LJCallan	JMMontgomery	JLMilhoan	
12/22/92	12/23/92	12/ /92	12/23/92	

for release
from John Hickey

bcc:

DMB - Original (IE-07)

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JMMontgomery

LJCallan

JPaudon

MRodriguez, OC/LFDCB (4503)

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LLKasner

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GMVasquez

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GFSanborn, EO

Handwritten: All for John Hickey by release
12/23/92

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LLKasner	CLCain	MLHorn	MTokar	JWNHickey
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