



UNITED STATES
NUCLEAR REGULATORY COMMISSION

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

DEC 30 1992

Mr. Lance Hughes, Director
Native Americans for a
Clean Environment
P.O. Box 1671
Tahlequah, Oklahoma 74465

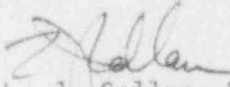
Dear Mr. Hughes:

This letter refers to your letter of December 9, 1992, requesting a response to several questions regarding the Sequoyah Fuels Corporation (SFC). We have reviewed your letter and have provided a response to each of your questions based upon the information available to us at this time. As was explained during a conversation on December 22, 1992, between you and Mr. G. M. Vasquez and Ms. L. L. Kasner of this office, information relative to some of your questions may not have been reviewed recently through our inspection efforts at the Sequoyah facility.

In addition to the information provided in the attachment to this letter, Mr. Vasquez and Ms. Kasner also discussed with you the Region IV inspection efforts undertaken during the previous 2-3 weeks to review the licensee's progress in implementing corrective actions as described in SFC correspondence dated December 8, 14, and 22, 1992. As was noted during this conversation, our recent inspection efforts have been focused on verifying that the safety-related problems identified during the Augmented Inspection Team's review of the November 17, 1992, event have been addressed. In addition to the specific corrective actions developed by SFC in response to the inspection findings, inspectors have reviewed the licensee's response to three additional items identified by NRC as restart issues. The licensee's actions were described in SFC correspondence dated December 14 and 22, 1992.

Should you have additional questions after reviewing the attachment to this letter, we will be pleased to discuss them with you.

Sincerely,


L. J. Callan, Director
Division of Radiation Safety
and Safeguards

Enclosure:
As Stated

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Mr. Lance Hughes

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bcc w/copy of December 9, 1992 letter

DMB - Original (IE-60)

JLMilhoan

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

RIV:NMIS <i>HL</i>	C:NMIS <i>HL</i>	D:DRSS <i>HL</i>		AI 92-507
LLKasner <i>HL</i>	CLCain <i>HL</i>	LJCallan <i>HL</i>		
12/12/92	12/17/92	12/18/92		

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Mr. Lance Hughes

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LLKasner	CLCain	LJCallan		
12/30/92	12/30/92	12/31/92		

ATTACHMENT

A. Outstanding Deficiency Reports

SFC modified the deficiency reporting system several months ago to implement improvements in the system and to ensure prompt investigation and followup of safety issues identified and reported by its staff. At that time, all deficiency reports were converted to condition reports, which is the current reporting system. Under the current system, reports may document safety-related issues, noncompliance by licensee personnel, administrative problems identified by licensee personnel, and other matters which are not of regulatory concern.

Although NRC inspectors have reviewed incidents and findings reported through this system, their review has not been focused on the total number of outstanding condition reports and was instead focused on significant or safety-related incidents and events and the actions taken in response by the licensee. Therefore, at this time NRC does not have information regarding the total number of outstanding condition reports or the fraction which specifically involve the DUF4 facility. The staff's efforts in reviewing condition reports generated by the licensee has been selective because, as noted above, some of the reports do not contain information regarding safety issues or issues associated with regulatory requirements.

NRC inspectors have reviewed several condition reports initiated by licensee personnel which did apply to the November 17 event as well as the corrective actions taken by the licensee in response to the problems reported via this system. In addition to condition reports submitted by licensee personnel documenting problems identified both during the event and in subsequent reviews, NRC requested that the licensee consider other issues that were not captured or documented in the condition reporting system. Specifically, NRC requested that the licensee broaden the initial definition of "operator work-around" issues to include operational practices which were not considered in the initial review. The licensee modified the definition as described in SFC letter dated December 22, 1992, and implemented a formal Operational Deviation Program. This program, and the licensee's initial review of operational deviations, was reviewed as part of our recent inspection prior to authorizing restart of the DUF4 facility.

NRC inspectors have confirmed that the maintenance and design related issues initially identified by the licensee following the November 17 event, as documented in SFC condition reports, have been resolved. In addition, inspectors have reviewed issues associated with operational practices which were not limited to equipment failures, but also involved adherence to prescribed process parameters or activities that were not governed by procedure. The inspectors have confirmed that appropriate corrective measures have been implemented and that the practices have been proceduralized where required.

B. Engineering Upgrade Program

The engineering upgrade program discussed in previous SFC correspondence was not yet fully developed at the time that SFC announced its intent to discontinue UF6 conversion services. However, several actions had been taken by the licensee to review SFC's current engineering program to determine (1) how the document system could be improved, (2) how to expedite the reduction of "backlogged" engineering projects, and (3) to develop formal policies for the engineering department. SFC had also initiated several projects focused on improving waste stream controls and had repaired piping structures in the solvent extraction building to prevent leaking and potential contamination of the area.

During our most recent review of SFC's engineering program, which was completed during the October 1992 team inspection, there were no major projects identified for the DUF4 facility. The principle projects planned at that time were improving the archiving system for plant system design documents, and projects planned to improve SFC's waste stream controls. None of these projects were directly focused on the DUF4 facility.

C. Emergency Response Training

At this time, NRC does not know the exact date of the last emergency response drill at the Sequoyah facility or the individuals who participated in the drill. NRC does not normally monitor or participate in emergency exercises at fuel cycle facilities. However, SFC is required to conduct emergency exercises at prescribed frequencies.

As a result of weaknesses identified in the licensee's response to the November 17 event, SFC has modified certain of its Contingency Plan Implementing Procedures to include more detailed instruction in personnel evacuation, personnel contamination monitoring, personnel accountability, and control of ventilation within the facility during an event. In addition, SFC has modified the implementing procedure that specifies event classification to include additional examples of releases of hazardous materials. The procedures have been reviewed by licensee personnel to ensure that the examples referenced in the procedures include the appropriate hazardous chemicals found at the Sequoyah facility. NRC inspectors have reviewed the procedure modifications and have determined that the issues identified during the inspection have been satisfactorily addressed.

D. Open Items Related to the DUF4 Facility

NRC has reviewed the licensee's proposed corrective actions as described in SFC correspondence for problems identified as open items as well as those identified in Notices of Violation issued to the licensee. At this time, some of the items have not yet been formally closed in inspection documentation.

However, in the initial review of the licensee's response, NRC staff does evaluate whether the proposed corrective action will be sufficient to prevent

recurrence of the specific violation or of similar occurrences. If the licensee's proposed corrective action is found deficient, either because the true root cause of the violation was not identified or the proposed corrective actions are not comprehensive enough, then the licensee has been requested to provide additional information based on the staff's review.

E. Enforcement Matters

The principle issue involved in the March 16, 1990, Enforcement Conference was the failure of licensee management to promptly report an event that met certain reporting thresholds defined in NRC regulations. The root cause of the January 22, 1990, event was investigated, the licensee's corrective actions were reviewed, and this issue has been closed.

In the case of the November 17 event, licensee management responded appropriately and notified NRC as required. Therefore, NRC does not believe that similar reporting concerns exist at this time.

F. Future Licensing Actions

NRC did consider the potential impact on staffing levels as a result of the licensee's recent decision to terminate UF6 conversion services. Based upon reviews of the staffing required to support DUF6 reduction operations and discussions held with licensee management regarding proposed staffing reductions, NRC has determined that the licensee has maintained an adequate level of staffing to support restart of the DUF4 facility. Therefore, NRC did not require that the license be amended to formalize a commitment from the licensee regarding staffing levels prior to authorizing restart of the DUF4 facility.

NRC does not prescribe minimum staffing levels for its fuel cycle licensees. Human resources required to fully support licensed operations is considered a performance-based issue and is reviewed through routine inspection of the licensee's programs. NRC will continue to focus attention on this issue as the licensee's current staff is reduced in conjunction with termination of activities at the Sequoyah facility.

In an unrelated matter, the reference in your letter to a document called "Standards of Adequacy" is in error. Mr. Callan, in response to a question from you at a public meeting, mentioned that NRC regulates to a standard of licensee performance that provides for adequate protection of the public's health and safety. This regulatory standard could allow licensees to continue to conduct licensed activities even if they do not always achieve the attention to detail and the high standard of compliance which the NRC expects. In no case, however, will licensees who cannot achieve and maintain adequate levels of protection be permitted to conduct licensed activities. A more complete discussion of this regulatory approach can be found in 10 CFR Part 2.1.