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January 30, 1993

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REGION IV

Mr. James L. Milhoan
Regional Administrator
U.S. Nuclear Regulatory Commission
Region IV
611 Ryan Plaza Drive, Suite 400
Arlington, TX 76011-8064

RE: NRC Inspection Reports 40-8027/91-14 and 40-8027/92-27

Greetings Mr. Milhoan,

I am writing in regards to the above referenced Inspection Reports. My review of those documents indicate a repeat violation of 10 CFR 71.5 (a), which requires compliance with Department of Transportation (DOT) regulations at 49 CFR 170-189.

Specifically, Sequoyah Fuels received a notice of violation of **49 CFR 173.475** regarding a shipment of radioactive sludge to New Mexico on September 9, 1991. SFC had failed to ensure that a **gasket** had been installed on a tanker truck, resulting in radioactive slurry leaking from Gore, OK to Grants, NM.

Again, on September 25, 1992, Sequoyah Fuels was found in violation of **49 CFR 173.475**. SFC had prepared a package (sea van) for shipment to Richland, WA, containing LSA radioactive materials, and failed to ensure that a **gasket** around the closure was properly installed. This resulted in radioactive material leaking out of the package.

Could you please explain why violations of the same regulation regarding an identical issue (gaskets) is not cited, or even discussed, as a repeat violation.

This issue is of particular concern to us, based on the response of Sequoyah Fuels following the violation on September 9, 1991 issued in Inspection Report 40-8027/91-14. This response, by letter dated March 6, 1992, assured the NRC (and thereby the public) that "Additionally, the subject procedure has been revised to

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include an additional means of verifying that a tanker is leak tight. The procedure now includes specific instruction to clean the hatch and sealing surface and **ensure the gasket or sealing material is in place**". By letter dated May 18, 1992, your office responded that "We find your reply responsive to the concerns described in the Notice of Violation...".

However, Inspection Report 40-8027/92-27 at page 10 states "SFC representatives also stated that the packages were supplied by ATG, and that **no testing of package integrity was performed at the Sequoyah facility.**"

Compounding our concern is the statement at page 12 of the same Inspection Report: "The first concern involved the staff's apparent lack of understanding of DOT regulations."

Compliance with applicable DOT regulations have, in fact, been the subject of several telephone conversations between this office and your staff.

Although mostly undocumented, due to past regulatory negligence, compliance with DOT regulations and the release of radioactive material during transport have been a constant complaint among residents and truckers. The sick joke now is that in order to find Sequoyah Fuels radioactive material - pull out a map of North America and start throwing darts.

This has simply got to be over the hundredth time that issues have had to be re-visited following various violations and subsequent commitments provided by Sequoyah Fuels.

I would expect that concerns over compliance with DOT regulations will heighten as Sequoyah Fuels increases the transport of materials during "indefinite standby", while at the same time decreasing staff resources at the facility.

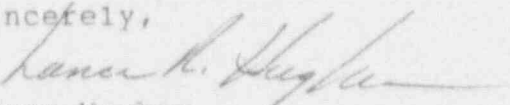
I do realize the improvements in regulatory oversight of this facility in the past few years. However, the improved oversight and attendant NRC reactions at various levels does not seem to have resolved the fundamental problems with regulatory compliance experienced by Sequoyah Fuels.

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It would be most unfortunate to expand our problems regarding regulatory compliance of this facility to our good neighbors in the northwest.

I look forward to your reply regarding these concerns and request for explanation.

Sincerely,


Lance Hughes
Director

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