

February 16, 1993

**AIRBORNE EXPRESS**

Mr. Robert Bernero, Director  
Office of Nuclear Material Safety  
and Safeguards  
U.S. NUCLEAR REGULATORY COMMISSION  
Washington, D.C. 20555

RE: License No. SUB-1010; Docket No. 40-8027  
Notification Pursuant to 10 C.F.R. 40.42(b)

Dear Mr. Bernero:

By letter dated November 23, 1992, Sequoyah Fuels Corporation (SFC) advised the U.S. Nuclear Regulatory Commission of its intent to "clean out" its facility for the conversion of yellowcake ore concentrates to UF<sub>6</sub> (UF<sub>6</sub> facility) and place it in a standby mode. That letter also stated SFC's intent to restart its facility for reducing UF<sub>6</sub> to UF<sub>4</sub> (DUF<sub>4</sub> facility), to operate it until it fulfilled its obligations under its existing contract, and then place it in a standby mode. These plans were further discussed with you and your staff on December 1, 1992. At that meeting SFC stated that within about two months it would complete further reviews of its business options and would meet with the NRC to discuss the results of those reviews and its proposed licensing approach.

At a meeting on February 10, 1993, with NRC representatives, SFC reported on the results of its business reviews and consequently planned regulatory actions.

As discussed in the February 10 meeting, we have decided to proceed with decommissioning of the UF<sub>6</sub> facility. If, at some future time, Converdyn requests that SFC provide excess conversion capacity and SFC concurs, Converdyn and SFC recognize that any undertaking of such activities by SFC will require obtaining NRC authorization and replacement of facilities and equipment.

With respect to the DUF<sub>4</sub> facility, SFC resumed operations in December 1992, with the concurrence of the NRC. SFC plans to continue such operation until it completes its obligations under a contract with Aerojet Ordnance Tennessee. Such operation also is beneficial in that it enables SFC to blend into the feed UF<sub>4</sub> slag now present at the facility, thereby reducing the amount

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which would otherwise have to be disposed of as waste. SFC anticipates completion of this work by July 31, 1993, or earlier. SFC has decided that, at that time, it will proceed with decommissioning of the DUF<sub>4</sub> facility. SFC is continuing to evaluate alternative uses for the DUF<sub>4</sub> facility. If SFC decides on a use of the DUF<sub>4</sub> facility that requires NRC licensing, it will apply for separate NRC authorization for such use.

Accordingly, pursuant to 10 C.F.R. 40.42(b), SFC hereby notifies the NRC of its decision to terminate activities involving materials authorized under License No. SUB-1010, effective July 31, 1993 or earlier, and requests termination of that license. SFC's planned actions to complete the decommissioning of the Sequoyah Facility are described in the enclosed Preliminary Plan for Completion of Decommissioning (PPCD), which is discussed below.

Since SFC does not intend to continue operation of the DUF<sub>4</sub> facility after completion of the work under the Aerojet contract (July 31, 1993 or earlier), it intends to file a motion with the Presiding Officer seeking leave to withdraw its license renewal application as of July 31, 1993 (or an earlier date) and to terminate the license renewal hearing. As indicated in SFC's letters to the Presiding Officer dated December 4, 1992, and February 10, 1993, SFC intends to discuss this subject with the parties prior to filing such a motion.

SFC understands that, under the provisions of 10 C.F.R. 40.42(e), License No. SUB-1010 will continue in effect after the date of termination of activities specified in this Notification, and that SFC must comply with all provisions of that license applicable to its continuing activities until the NRC notifies SFC that the license is terminated. In accordance with Section 40.42(e), upon completion of operation of the DUF<sub>4</sub> facility (on or before July 31, 1993), SFC will limit its activities involving licensed material to activities related to decommissioning and maintaining control of entry into the restricted areas. The ongoing activities that will continue pursuant to Section 40.42(e)(1) are described in Section 3 of the PPCD and include dispositioning of raffinate sludge, CaF<sub>2</sub> sludge, fertilizer inventory, yellowcake, UF<sub>6</sub> cylinders, bulk chemicals, and fluorinated materials.

Many of the foregoing activities have been ongoing for some time, and large quantities of materials have been shipped offsite. Thus, as indicated in the preliminary schedule in Section 9 of the PPCD, it is expected that these activities can be accomplished within about three years, except for the disposition of CaF<sub>2</sub> sludge, which may require about five years.

Since activities at the Sequoyah Facility have been terminated prematurely, the information contemplated under Section 40.42(c) is being provided with this Notification to the extent practicable. As described in Section 5.1.1 of the PPCD, available radiation survey information for the Sequoyah Facility has been compiled and is being submitted in Appendix A of the PPCD. Section 5.2 describes how the final survey will be performed after decommissioning is completed, including survey methods, background radiation levels, instrumentation, data analyses and assessment methods. At that time, SFC will also submit a completed form NRC-314.

It is apparent that, in completing the decommissioning of the Sequoyah Facility, SFC will undertake some activities that have not been approved previously by the NRC for the Sequoyah Facility. Although such activities will not necessarily involve increased potential health and safety impacts to workers or the public, such activities will be addressed in SFC's definitive Plan for Completion of Decommissioning (PCD) to be submitted to the NRC pursuant to Section 40.42(c)(2). SFC will not undertake any such activity until it is approved by the NRC.

A key portion of the PPCD being submitted with this Notification is Section 2, which describes the actions being taken by SFC to develop the PCD. The initial step is the preparation of a thorough Site Characterization Plan (SCP), which is essential to a sound decommissioning plan. The SCP will cover areas of the site presently accessible for characterization; as well as raffinate ponds; fertilizer ponds;  $\text{CaF}_2$  ponds; other impoundments; structures, systems and components; pads; and other site units. The SCP will build upon the extensive site information already available from the Facility Environmental Investigation, information developed in responding to questions related to NRC's ongoing environmental assessment, the groundwater monitoring program and previous evaluations of such information (PPCD Section 2.1.1). SFC intends to include in the SCP the actions necessary to address matters of interest to the U.S. Environmental Protection Agency (EPA) and state of Oklahoma environmental agencies. Currently, discussions with EPA are continuing, however, the scope of actions needed to address EPA concerns has not yet been fully defined. SFC believes that the completion of the SCP will require discussions among the NRC, EPA, appropriate Oklahoma agencies and SFC, to assure that applicable requirements are identified and addressed in a coordinated fashion in the SCP. We have suggested to the EPA that a site-specific Memorandum of Understanding may be the most effective mechanism to accomplish this objective. SFC would appreciate having NRC take the lead role to achieve this. The PPCD describes the additional actions being taken by SFC in order, to prepare the SCP for submittal to the NRC.

Implementation of the SCP will begin promptly after receipt and incorporation of NRC comments and will encompass the actions described in Section 2.1.3 of the PPCD. Simultaneously, SFC will develop site-specific on-site disposal criteria, as described in Section 2.2 of the PPCD. Because the contamination present in soil and structures, systems and components at Sequoyah appears to be similar to materials in mill tailings, it is presently contemplated that criteria consistent with technical criteria in Appendix A of Part 40 will be utilized. <sup>1/</sup> SFC will consider this and other alternatives for disposal of contaminated materials. Justification will be provided for the specific criteria selected for the Sequoyah site. If it proves impracticable to release all areas of the site for unrestricted use, then a waiver will be requested pursuant to Section 40.14(a).

As noted in the preliminary schedule described in Section 9 of the PPCD, there are portions of the site (e.g., lined ponds containing materials to be shipped off or processed, and soils under such ponds) which cannot be characterized until additional steps have been taken. However, SFC plans to submit a preliminary report of the results of site characterization efforts allowing NRC review to begin while the final site characterization work is being completed. After receipt and incorporation of NRC comments on this report, the initial results of the SCP and the site-specific criteria can then be used in the preliminary design and engineering of an on-site disposal cell, if this is the selected alternative. Section 2.3 of the PPCD

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<sup>1/</sup> There are likely to be large quantities of contaminated soil, as well as contaminated structures, systems and components, that will need to be dispositioned. The NRC's Issues Paper for Discussion at Workshops in its "Proposed Rulemaking to Establish Radiological Criteria for Decommissioning," states:

"[t]here may be some sites where the cost of meeting the selected criteria would be exorbitant. Consideration should be given to the disposition of such sites. Such sites could be handled in a manner similar to, or reflect elements of, the way the Commission deals with uranium mill tailings sites under the provisions of the Uranium Mill Tailings Radiation Control Act of 1978, As Amended (UMTRCA). Under the provisions of UMTRCA, mill tailings sites are partially decontaminated, stabilized, and subject to requirements for restricted use and long-term care and are not released for unrestricted use."



describes this activity, as well as the other actions needed to prepare the initial PCD. While the PCD is being reviewed by the NRC, it is planned that the last elements of the SCP will be completed, and that any necessary updating and revision of the PCD will be submitted, so that the final PCD can be approved by the NRC.

SFC would welcome comments from the NRC on the preliminary schedule described in Section 9 of the PPCD, particularly with respect to the periods allotted for NRC review. SFC assumes that the periods allotted for NRC review will also be sufficient for reviews by EPA and Oklahoma agencies.

Section 4 of the PPCD provides a brief description of anticipated decommissioning activities for which SFC has not yet received NRC approval. The principal activities that would require prior NRC approval include construction of an on-site cell; excavation of soils and emplacement in the cell; demolition of structures, systems and components and disposal of rubble in the cell; and cell closure. In addition, SFC may decide to process  $\text{CaF}_2$  onsite to recover sufficient uranium to enable the  $\text{CaF}_2$  to be dispositioned as non-radioactive material. (Section 3.3 of PPCD). If this is the selected alternative, timely NRC review and approval will be sought so that the  $\text{CaF}_2$  ponds can be emptied within about 5 years. Similarly, if SFC decides to process low quality yellowcake and fluorinated materials through portions of the  $\text{UF}_6$  facility as part of the decommissioning process (Section 3.6 of PPCD), early NRC review and approval will be sought so that these materials can be dispositioned promptly and decommissioning of the front-end of the  $\text{UF}_6$  facility can be completed.

Section 6 of the PPCD describes how SFC proposes to conduct the activities described in the PPCD, including organization, training, utilization of contractors, and quality assurance. Section 8 describes measures to protect the health and safety of workers and the public and the environment, including the ALARA program, work procedures, technical requirements and waste management. Except with respect to decommissioning activities of a type not previously conducted at Sequoyah, the subjects discussed in Sections 6 and 8 are generally covered by existing regulatory requirements for the Sequoyah Facility and SFC practices. Anticipated potential changes are identified in Section 7.

A preliminary schedule for completion of decommissioning is presented in Section 9 of the PPCD. The schedule is based on technical considerations, including the need to develop and implement an integrated SCP, empty lined ponds before characterizing the underlying materials, and allow time for required regulatory reviews. Section 9 identifies the principal

assumptions and key schedule constraints. The schedule is driven by the sequence of actions necessary to develop and implement a coherent PCD.

A preliminary estimate of the costs of decommissioning is presented in Section 10 of the PPCD, along with SFC's plan for assuring the availability of adequate funds for completion of decommissioning.

Section 10.1 contains an estimate of the direct costs of the activities related to decommissioning. Table 10-2 of the PPCD is a financial spreadsheet for the years 1993 through 2003, showing for each year the costs expected to be incurred for decommissioning activities, together with SFC's other expected expenditures. Table 10-2 also shows SFC's expected revenues during such years under existing contracts and under the agreements with ConverDyn.

SFC believes that the submitted information constitutes a reasonable "plan for assuring the availability of adequate funds for completion of decommissioning" as contemplated by Section 40.42(c)(2)(iii)(D). However, SFC is willing to furnish such additional assurance, as may be necessary and feasible, to assure that its net assets and revenues will be devoted to the completion of decommissioning. For example, pledges, trust agreements, escrow agreements or covenants may be negotiated which would assure that SFC revenues, including revenues under the ConverDyn agreement, will be placed under strict controls to provide added assurance that they will be used only for decommissioning and other necessary SFC expenditures, such as administrative and support costs, taxes, debts, licensing, etc. SFC would welcome further discussions with the NRC on such possible financial mechanisms or others that may be suggested by NRC.

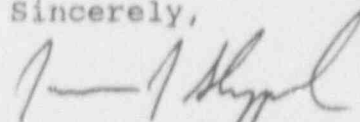
In addition, SFC realizes that the NRC has received limited information concerning the arrangements with ConverDyn and therefore may find it useful to obtain additional information to evaluate the likelihood that SFC will receive the projected revenues, such as detailed information concerning the bases for the projection of SFC revenues from ConverDyn contained in Table 10-2 of the PPCD. However, such information is proprietary commercial and financial information, the public disclosure of which would jeopardize the competitive position of ConverDyn. Accordingly, if the NRC believes that such information would be beneficial, SFC would be willing to provide it pursuant to NRC's request, provided that it can be treated in accordance with the protection afforded by 10 C.F.R. 2.790(a)(4) and 9.17(a)(4).

As reflected in the PPCD, SFC is acting promptly and effectively to complete the decommissioning of the Sequoyah Facility. SFC needs, and looks forward to, the cooperation of

the NRC in the review of its plans and schedules so that our mutual objective of timely, assured decommissioning can be achieved.

Please let me know if you require any additional information or if the NRC would like to meet on any of these subjects at your convenience.

Sincerely,



James J. Sheppard  
President

JJS:lh

cc: James L. Milhoan, NRC Region IV Administrator  
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