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February 10, 1993

Administrative Judge James P. Gleason
Presiding Officer
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Judge Gleason:

This is to confirm that at a meeting today with the NRC Staff, the representatives of Sequoyah Fuels Corporation (SFC) informed the NRC Staff of SFC's decision to terminate licensed activities under License No. SUB-1010, i.e., to proceed with decommissioning of the UF₆ conversion facility and, after completion of a present contract (by July 31, 1993 or earlier), to proceed with decommissioning of the DUF₆ reduction plant.

Accordingly, on February 16, 1993, SFC will file with the NRC a notification pursuant to 10 C.F.R. 40.42 (b) to terminate activities under License No. SUB-1010 effective July 31, 1993 or earlier. The notification will include a Preliminary Plan for Completion of Decommissioning (PPCD), which was summarized at today's meeting. Copies of SFC's notification and the PPCD will be served on the Presiding Officer and the parties on February 16, 1993.

As indicated in my letter to you of December 4, 1992, we plan to meet with the parties regarding the impact of SFC's decision on the license renewal hearing. As we informed the NRC Staff today, after such meeting we plan to file a motion to withdraw SFC's license renewal application, as of July 31, 1993 or earlier, and to terminate the license renewal hearing. We expect that such meeting will be held, at the convenience of the

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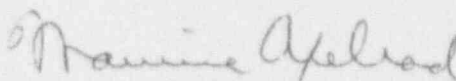
NEWMAN & HOLTZINGER, P.C.

Administrative Judge James P. Gleason
February 10, 1993
Page 2

parties, after they have received SFC's notification of February 16, 1993. We will communicate with you promptly after such meeting.

Enclosed for your information is a copy of the slides used in SFC's presentation at today's meeting.

Very truly yours,


Maurice Axelrad

cc: Service List

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

ATOMIC SAFETY AND LICENSING BOARD
Before Administrative Judge
James P. Gleason, Presiding Officer

In the Matter of)
)
Sequoyah Fuels Corporation) Docket No. 40-08027-MLA
(Source Material License)
No. SUB-1010))

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing letter from Maurice Axelrad to Administrative Judge James P. Gleason were served upon the following persons by deposit in the United States mail, postage prepaid and properly addressed on the date shown below:

Office of Commission Appellate Adjudication
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge James P. Gleason
Presiding Officer
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge Jerry R. Kline
Special Assistant
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Office of the Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555
Attention: Docketing & Service Branch
(Original and two copies)

Susan L. Uttal, Esq.
Office of the General Counsel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

James J. Sheppard, President
Sequoyah Fuels Corporation
P.O. Box 610
Gore, Oklahoma 74435

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

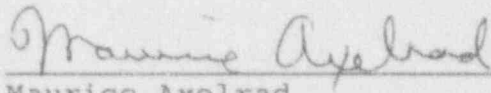
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Assistant Attorney General
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Oklahoma City, Oklahoma 73105

Dated this 10th day of February, 1992.


Maurice Axelrad

NEWMAN & HOLTZINGER, P.C.
1615 L Street, N.W.
Suite 1000
Washington, D.C. 20036
(202) 955-6600



SEQUOYAH FUELS
A GENERAL ATOMICS COMPANY

*SEQUOYAH FACILITY
GORE, OKLAHOMA*

**NUCLEAR REGULATORY COMMISSION
BRIEFING**

February 10, 1993

REPRESENTATIVES

- *Joe Sheppard - President/Chief Executive Officer*
- *John Dietrich - Vice President Technical Services*
- *Reggie Cook - Vice President/Controller*
- *Craig Harlin - Manager Licensing and Health/Safety*
- *Robert Miller - Licensing Engineer*
- *Ron Adkisson - Consultant*
- *Tom Potter - Consultant*
- *Maurice Axelrad - Newman and Holtzinger, Attorney for SFC*

AGENDA

- I. Overview*
- II. SFC Plans for the Sequoyah Site*
 - A. Activities*
 - B. Staffing*
- III. Status of Site License*
- IV. Decommissioning Planning*
- V. Decommissioning Funding*
- VI. Summary*
- VII. Questions and Answers*

OVERVIEW

Meeting Purpose

As Committed During the Meetings on 12/01/92 and 12/21/92, the Purpose of this Meeting is to Inform the NRC regarding:

- Plans for Future Operations at Sequoyah*
- Related Licensing Implications*

OVERVIEW

SFC DECISIONS

- *SFC has Decided to Terminate All Licensed Activities*
 - *Will Proceed with Decommissioning of UF6 Facility*
 - *After Completion of Present Contract (by 7/31/93 or Earlier) We will Proceed with Decommissioning of DUF4 Facility*

Overview

Related Licensing Actions

- *On 2/16/93, We will File a Notification Pursuant to 10CFR40.42(b) to Terminate Activities under License No. SUB-1010 Effective 7/31/93 or Earlier*
- *After Meeting with Parties, We will File Motion to Withdraw License Renewal Application as of 7/31/93 or Earlier*

OVERVIEW

Decommissioning Planning

- *SFC's 40.42(b) Notification will Include a Preliminary Plan for Completion of Decommissioning (PPCD)*
- *PPCD will Include a Preliminary Schedule for Decommissioning That is*
 - *Driven by Technical Factors*
 - *Completed Within 10 Years*
- *SFC will Welcome NRC Suggestions on Schedule*

OVERVIEW

Decommissioning Funding

- *PPCD will Include SFC's Plan for Assuring the Availability of Adequate Funds for Completion of Decommissioning:*
 - *Estimate of Direct Costs of Decommissioning Activities*
 - *Financial Spreadsheet for 1993 - 2002 Showing Expected revenue and Expected Expenditures*
- *SFC will Welcome Dialogue with NRC Regarding Assurances that Net Assets and Revenues will be Applied to Decommissioning*
- *Detailed Information Regarding Basis for Projected Revenues can be Provided in Proprietary Submittal*

SFC Plans for the Sequoyah Site

SFC PLANS FOR THE SITE

Other Potential Uses for the Site/Site Equipment

- *Continue To Explore Other Potential Uses*
 - *DUF4 Plant*
 - *Pilot Plant for the Reduction of DOE Enrichment Plant Tails to DU3O8*
 - *Contract Laboratory Service*
 - *Provide Material to Support Blend-down Projects*
 - *Any of These Activities will require NRC Authorization*

SFC PLANS FOR THE SITE

Current Site Status

- *Operations*
 - *UF6 Process is Shutdown and is Being Cleaned Out*
 - *DUF4 Plant is in Operation*
- *Environmental Conditions*
 - *Primary Impact is limited to Solvent Extraction and the Main Process Areas*
 - *There are no Significant Groundwater Aquifers Beneath the Site*
 - *Groundwater Movement is Slow*
 - *Contamination Plumes are Contained within the Plant Boundaries*

SFC PLANS FOR THE SITE

Current Site Activities

- *UF6 Facilities*
 - *Clean Out Processes*
 - *Remove Bulk Chemicals*
 - *Remove UF6 Cylinders*
 - *Remove Yellowcake*
 - *Disposition Fertilizer*
 - *Remove Raffinate Sludge*

SFC PLANS FOR THE SITE

Current Site Activities

- **DUF4 Plant**
 - *Run DUF4 Plant until Present Contract Is Fulfilled*
 - *Blending in Slag that Would Otherwise Have to be Disposed of*
 - *Shutdown DUF4 Plant, Clean Out and Proceed with Decommissioning*

SFC PLANS FOR THE SITE

Additional Near-term Cleanup/Decommissioning Activities

- *Prepare Site Characterization Plan*
- *Continue Implementation of the Action Plan as Appropriate*
- *Reach Decisions on How Best to Disposition:*
 - *CaF₂ Sludge*
 - *Poor Quality Yellowcake and Fluorinated Materials*

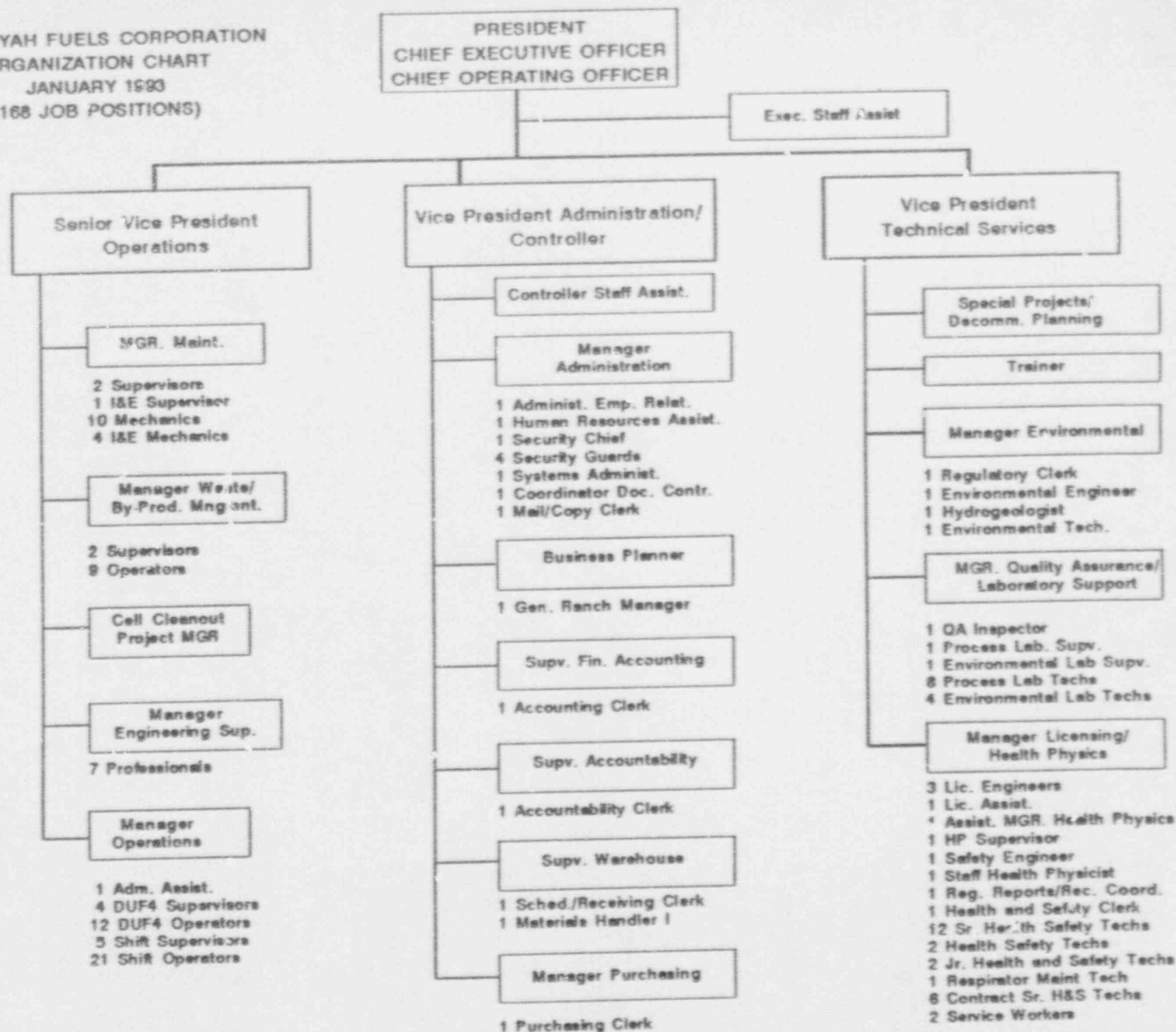
SFC PLANS FOR THE SITE

Staffing

- **Current Staffing Supports DUF4 Operations and Ongoing Activities**
- **Planned Staffing, post DUF4, will Support Ongoing Decommissioning Activities**

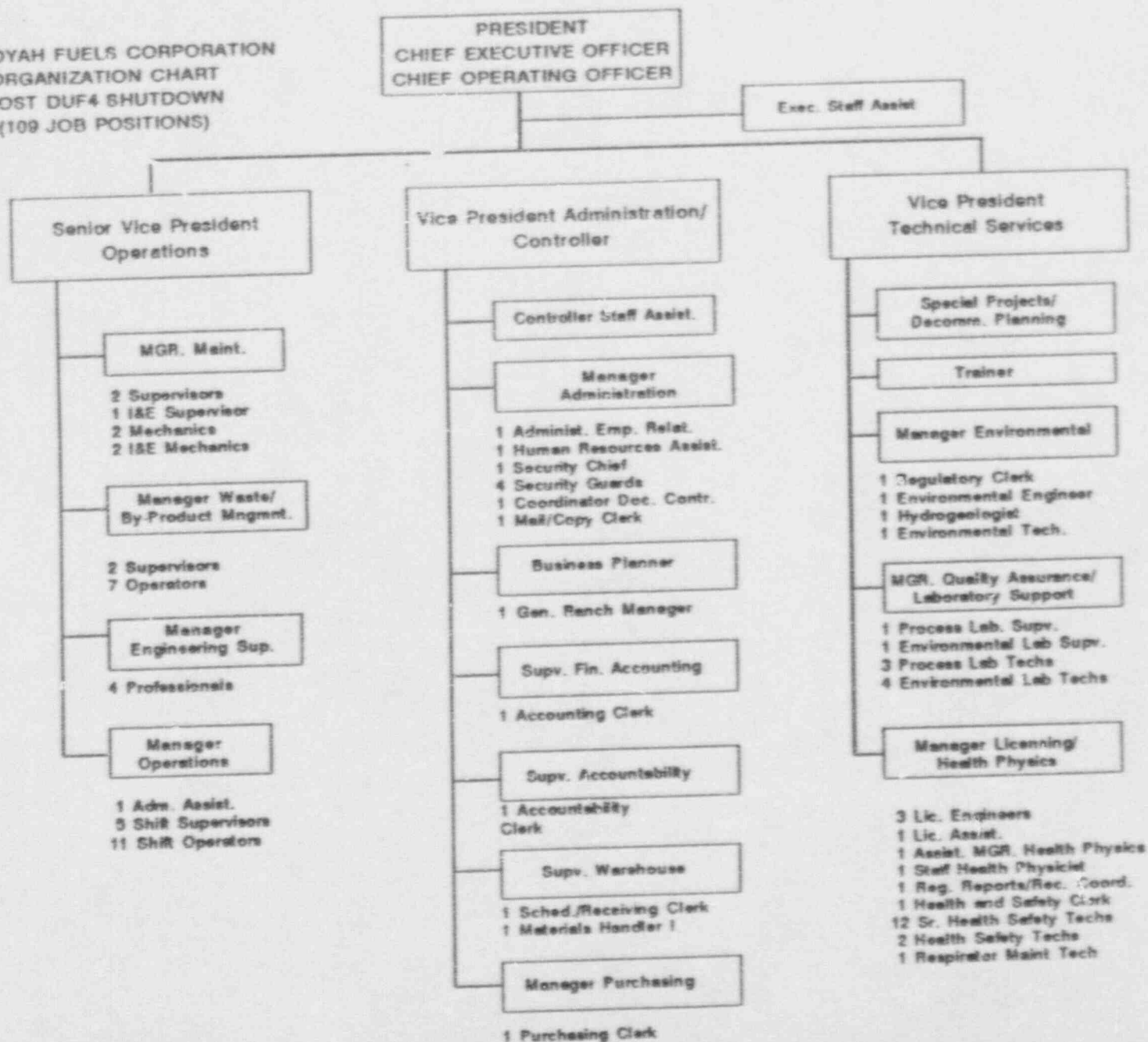
SFC
ORGANIZATION CHART
(PRESENT LEVELS)

SEQUOYAH FUELS CORPORATION
ORGANIZATION CHART
JANUARY 1993
(168 JOB POSITIONS)



SFC
ORGANIZATION CHART
(POST DUF4)

SEQUOYAH FUELS CORPORATION
ORGANIZATION CHART
POST DUF4 SHUTDOWN
(109 JOB POSITIONS)





SEQUOYAH FUELS
A GENERAL ATOMICS COMPANY

Status of Site License

***John Dietrich, Vice President
Technical Services***

ACTIVITIES UNDER CURRENT LICENSE

DUF4 Operation to July '93

UF6 Facility Shutdown

*UF6 Clean-Out and Materials Disposition
Continuing*

FEBRUARY 16 SUBMITTALS

*10 CFR 40.42(b) Notification
Effective 7/31/93 or Earlier*

*Preliminary Plan for Completion
of Decommissioning (PPCD)*

*Respond to Demand for Information
dated December 29, 1992*

LICENSE STATUS AFTER JULY 31, 1993

License Remains in Effect Under 40.42(e)

*40.42(e) Limits Activities to:
Decommissioning Related Work
Control of Access to Restricted Area*

40.42(e)(1) Activities

- *Site Characterization and Decommissioning Planning*
- *Disposition of Bulk Site Materials - 2 to 3 years*
 - *Yellowcake*
 - *Raffinate Sludge*
 - *UF6 Cylinders & Bulk Chemicals*
 - *Low Quality Yellowcake*
 - *Fluorinated Materials*
- *Disposition of Fertilizer Inventory - 3 years*
- *Disposition CaF₂ Sludge - 5 years*

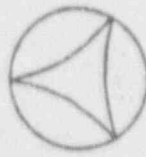
STATUS OF LICENSE RENEWAL APPLICATION

SFC will meet with Parties

SFC will File Motion to:

Withdraw Renewal Application Effective 7/31/93

Terminate License Renewal Hearing



SEQUOYAH FUELS
A GENERAL ATOMICS COMPANY

Decommissioning Planning

***Craig Harlin, Manager
Licensing and Health Physics***

DECOMMISSIONING ACTIVITIES AND PLANNING

*Based on SFC's Decision to Provide Notification
under 10CFR40.42, the 2/16/93 Filing will include a
Preliminary Plan for Completion of Decommissioning
(PPCD)*

DECOMMISSIONING ACTIVITIES AND PLANNING

- *Preliminary Plan for Completion of Decommissioning will Include:*
 - *Description of Actions to Develop Definitive Plan for Completion of Decommissioning (PCD) (40.42(c)(2))*
 - *Description of ongoing Activities Related to Decommissioning (40.42(e)(1))*
 - *Description of Decommissioning Activities SFC will Undertake Upon NRC Approval Under 40.42(c)(3)*
 - *Preliminary Schedule*
 - *Preliminary Cost Estimate*
 - *Plan for Assuring the Availability of Adequate Funds Under 40.42(c)(2)(iii)(D)*

DECOMMISSIONING ACTIVITIES AND PLANNING

- *Actions to Develop Definitive PCD*
 - *Preparation, Review and Implementation of Site Characterization Plan*
 - *Development of Site-Specific Criteria*
 - *Preparation and Submittal of Results Reports*
 - *Preparation and Submittal of Plan for Completion of Decommissioning*

SITE CHARACTERIZATION PLAN

DECOMMISSIONING ACTIVITIES AND PLANNING

Site Characterization Plan

- *Review the Applicable Regulatory Guidance Regarding Site Characterization and Disposal Options*
- *Compare Existing Information with the Requirements and Guidance to Determine Additional Needs*
 - *Facility Environmental Investigation*
 - *Information Developed to Support NRC Env. Assessment*
 - *Ongoing Environmental Monitoring Program*
 - *Radiological Surveys Completed Routinely*
- *Develop a Plan for Obtaining this Additional Information*
- *Submit Plan for NRC Review and Approval Prior to Implementation*

**DEVELOPMENT OF
SITE SPECIFIC
CRITERIA**

DECOMMISSIONING ACTIVITIES AND PLANNING

Site Specific Criteria

- *Preliminary Review of Site Data:*
 - *Sequoyah Site Has Large Volumes of Low Concentration Materials Similar to Mill Tailings*
 - *Some Materials Contain Concentrations Low Enough to Require No Isolation*
 - *Some Materials Are Low Enough in Concentration and Large Enough in Volume to Consider Isolation Onsite*
 - *Conceptual Approach is to Develop Site Specific Criteria for Onsite Isolation Using the Technical Criteria in 10CFR40, Appendix A for Cell Design*

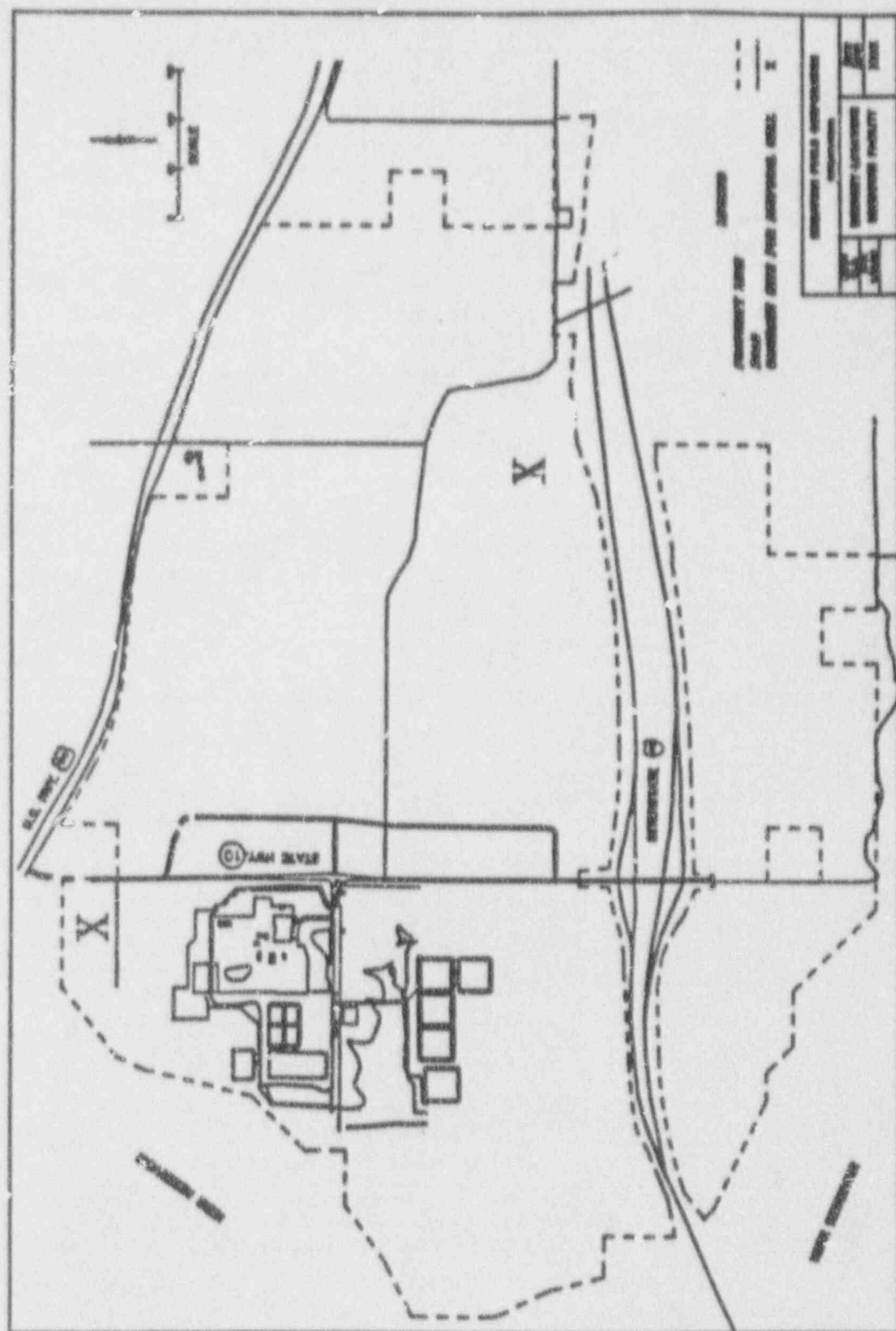
DECOMMISSIONING ACTIVITIES AND PLANNING

- *Development of Site Specific Criteria:*
 - *Review Available Information Regarding Characteristics of Contaminated Soils*
 - *Develop Criteria for Soils that Remain in Place Based Upon Radiological Dose Assessments that Accommodate:*
 - *Exposure Pathways*
 - *Material Transport Characteristics*
 - *Develop Design and Performance Criteria for Onsite Disposal Cell Consistent with Facilities Approved by the NRC in Other Applications*
 - *Acceptance Criteria would include:*
 - *Concentration Limits Derived from Dose Assessments*
 - *Engineered Performance Characteristics that are Site-Specific*
 - *Limitations on Physical and Chemical forms*

DECOMMISSIONING ACTIVITIES AND PLANNING

Site Specific Criteria

- *Analysis to Date of Candidate Locations for Onsite Cell*
 - *Preliminary Characterization of Two Locations*
 - *Preliminary Dose Path Analysis*
 - *Review of Burial Site Criteria*
- *Perform Further Analysis During Site Characterization:*
 - *Groundwater*
 - *Soils*
- *Site Specific Criteria will be Included in Final Plan for Completion of Decommissioning*



DECOMMISSIONING ACTIVITIES AND PLANNING

Results Reports

- *Upon NRC Approval of Site Characterization Plan SFC Will Implement Characterization Work*
- *Preliminary Results Report Will Include:*
 - *Evaluation of Existing Data*
 - *Results of Activities that have been Completed*
 - *Identification of Additional Data to be Collected*
- *The Preliminary Results Report will Provide NRC Early Assessment of the Condition of the Site Based on the Completion of the Majority of the Characterization Work*
- *SFC will Complete Site Characterization and Submit Final Results Report for NRC Approval*

**FINAL PLAN
FOR COMPLETION OF
DECOMMISSIONING**

DECOMMISSIONING ACTIVITIES AND PLANNING

Preparation of PCD

- *The Initial Plan for Completion of Decommissioning will be Prepared After Submittal of Preliminary Results Report*
- *The Initial PCD will Include:*
 - *Preliminary Results Report*
 - *Preliminary Assessment of Site Specific Criteria*
 - *Siting and Design Criteria for Onsite Disposal Cell*
- *The Final Plan for Completion of Decommissioning will be Submitted after NRC Approval of Final Results Report*

DECOMMISSIONING PLAN IMPLEMENTATION

DECOMMISSIONING ACTIVITIES AND PLANNING

Implementation of Decommissioning Plan

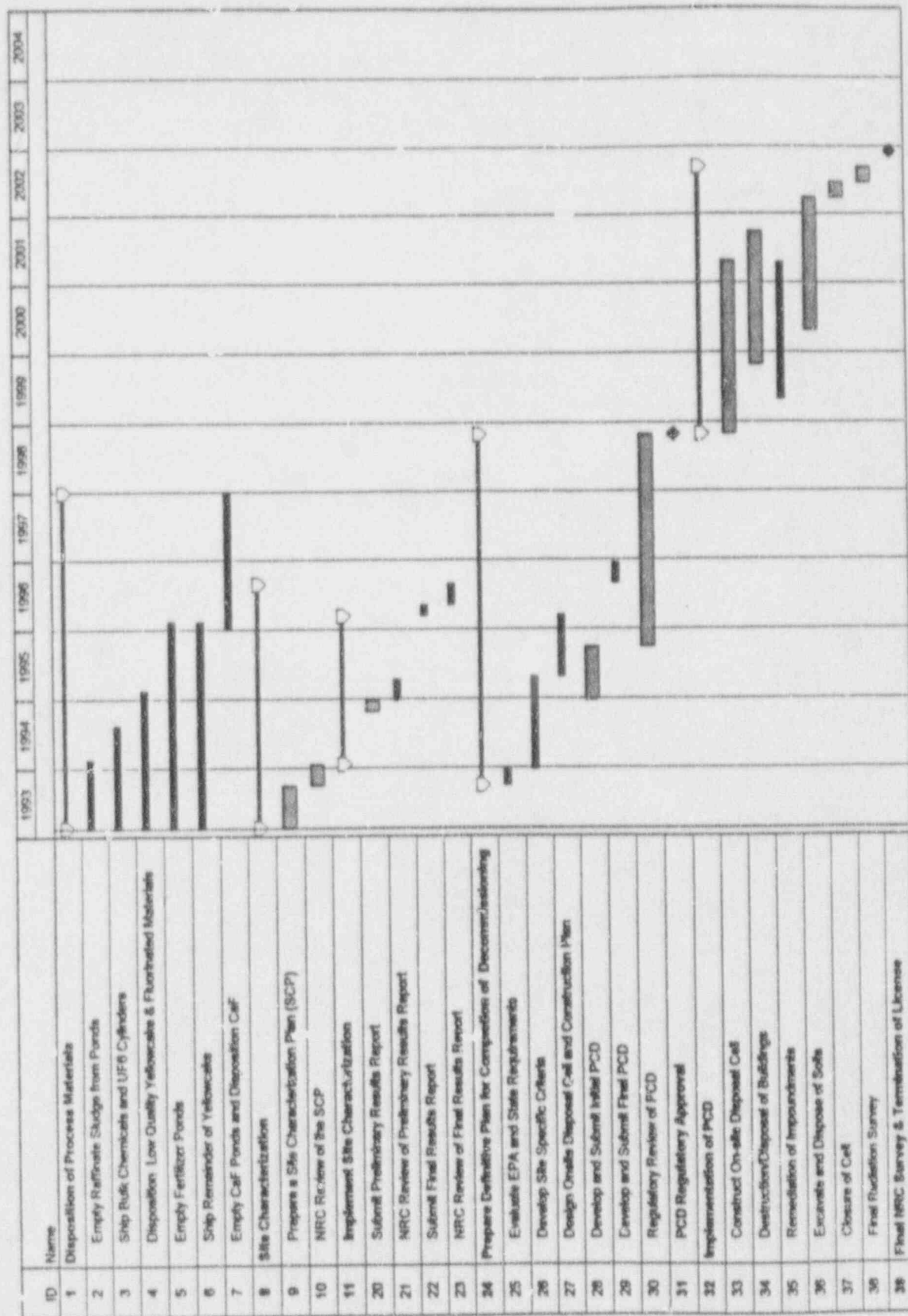
- Upon NRC Approval of PCD, SFC will Decommission the Site:
 - Construct Onsite Disposal Cell
 - Deconstruct and Dispose of:
 - Buildings
 - Process Equipment
 - Pads and Foundations
 - Other Structures
 - Remediate Impoundments
 - Excavate and Dispose of Soils
 - Close Disposal Cell
 - Conduct Final Survey

**OVERALL SCHEDULE
FOR
DECOMMISSIONING**

DRAFT

SEQUOIA FUELS CORP PRELIMINARY PLAN FOR DECOMMISSIONING

DRAFT

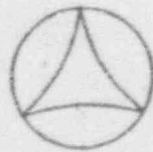


COST ESTIMATES

DECOMMISSIONING COST ESTIMATE

Direct Costs of Activities Related to Decommissioning

Activity	Cost Estimate Million/Dollars
Shipment of Raffinate Sludge	3.6
Disposition of CaF ₂ Sludge	2.0
Disposition of Fertilizer	1.4
Shipment of Yellowcake/Uranium Products	0.8
Site Characterization	0.4
Development of Decommissioning Plan	0.5
Impoundment Remediation	2.4
On-Site Cell	1.5
Excavate and dispose of Contam. Soils	2.0
Deconstruct Buildings and Eqpmt.	4.7
Total	19.3
Contingency of 10%	1.9
GRAND TOTAL	21.2



SEQUOYAH FUELS
A GENERAL ATOMICS COMPANY

Decommissioning Funding

*Reggie Cook, Vice President
Administration/Controller*

SEQUOYAH FUELS CORPORATION
10 YEAR ESTIMATED CASH FLOW
(000'S OF DOLLARS)

	1993	1994	1995	1996	1997	1998
INCOME						
UF6 CONVERSION REVENUE	7,031					
DUF4 REDUCTION REVENUE	5,354					
DISPOSITION OF INVENTORY	1,000					
RANCH REVENUE	400	400	400	410	400	400
CONVERDYN FEES	3,841	9,022	5,710	8,827	9,111	8,249
TOTAL REVENUES	17,626	9,422	6,110	9,227	9,511	8,649
ACTIVITIES RELATED TO DECOMMISSIONING						
CLEAN-UP:						
RAFFINATE SLUDGE	3,171	429				
FERTILIZER PONDS	396	450	450	54		
CaF PONDS				1,008	992	
SHIP U308/URANIUM PRODUCTS	326	323	136	15		
DECOMMISSIONING:						
DECOMMISSIONING PLAN	19	75	162	111	73	61
SITE CHARACTERIZATION	72	227	32	70		86
CONSTRUCT CELL						
DECONSTRUCT BUILDINGS						
REM. OF IMPOUNDMENTS						
DISPOSE OF SOILS						
CLOSURE OF CELL						
CONTINGENCY	200	200	200	200	200	200
GEN & ADMIN:						
PERSONNEL	5,836	3,900	2,900	2,900	1,900	1,900
NUC LIC./FEES	1,098	1,000	800	800	800	800
TAXES, INSUR. & OTHER	2,277	1,500	1,500	1,700	1,100	1,000
DUF4 OPERATING	1,799	72	72	72	72	72
PLANT CLEAN-OUT	1,788					
TRANSITION COST	450	100				
INTEREST (INC)/EXP	766	783	799	1,035	920	788
RANCH COSTS	276	276	276	276	276	276
TOTAL COSTS	18,246	8,935	6,929	7,439	5,933	4,746
CASH MARGIN	(620)	487	(819)	1,788	3,578	3,903
(INC)/DECR IN RECEIVABLES	2,100	(539)	(3,210)	748	(768)	(215)
INC/(DECR) IN PAYABLES	(1,765)	(450)	(450)			
PROJECTED NET CASH FLOW BEFORE DEBT REPAYMENT	(285)	(601)	(4,479)	2,534	2,810	3,688

1/ As of 12/31/92 Sequoyah Fuels debt consisted of \$5.6 million to General Atomics and \$10.6 million on a note to Kerr-McGee Corporation. The note to Kerr-McGee is collateralized and its terms are presently the subject of ongoing negotiations.

10 YEAR ESTIMATED CASH FLOW
(000'S OF DOLLARS)

	1999	2000	2001	2002	2003	TOTAL
INCOME						
UF6 CONVERSION REVENUE						7,031
DUF4 REDUCTION REVENUE						5,354
DISPOSITION OF INVENTORY						1,000
RANCH REVENUE	400	400	400	400	400	4,400
CONVERDYN FEES	9,997	6,103	4,000	3,500	3,400	71,760
TOTAL REVENUES	10,397	6,503	4,400	3,900	3,800	89,545
ACTIVITIES RELATED TO DECOMMISSIONING						
CLEAN-UP:						
RAFFINATE SLUDGE						3,600
FERTILIZER PONDS						1,350
CaF PONDS						2,000
SHIP U308/URANIUM PRODUCTS						802
DECOMMISSIONING:						
DECOMMISSIONING PLAN						501
SITE CHARACTERIZATION						401
CONSTRUCT CELL	401	400	130			1,000
DECONSTRUCT BUILDINGS	428	2,444	1,826			4,700
REM. OF IMPOUNDMENTS	823	1,219	358			2,400
DISPOSE OF SOILS		710	1,036	252		2,000
CLOSURE OF CELL				500		500
CONTINGENCY	200	200	200	100		1,900
GEN. & ADMIN.:						
PERSONNEL	2,500	2,500	1,500	1,500	1,500	26,836
NRIC LIC./FEES	800	800	800	800	800	9,268
TAXES, INSUR. & OTHER	1,000	1,000	1,000	1,000	1,000	13,877
DUF4 OPERATING	72	72	72	72	72	2,519
PLANT CLEAN-OUT						1,788
TRANSITION COST						550
INTEREST (INC)/EXP	576	421	421	527	584	7,602
RANCH COSTS	276	276	276	276	276	3,036
TOTAL COSTS	7,078	10,042	7,623	5,027	4,232	86,230
CASH MARGIN	3,319	(3,539)	(3,223)	(1,127)	(432)	3,315
(INCR)/DECR IN RECEIVABLES	1,071	3,040	250	50	0	2,426
INCR(DECR) IN PAYABLES						(2,865)
PROJECTED NET CASH FLOW BEFORE DEBT REPAYMENT	4,390	(499)	(2,973)	(1,077)	(432)	3,076



SEQUOYAH FUELS
A GENERAL ATOMICS COMPANY

Summary

*Joe Sheppard, President
Chief Executive Officer
Sequoyah Fuels Corporation*

SUMMARY

- SFC plans to Terminate Licensed Activities by 7/31/93 or Earlier
- SFC plans to file a 10CFR40.42 Notification by 2/16/93 to be Effective 7/31/93 or Earlier
- SFC plans to withdraw the License Renewal Application Effective 7/31/93 or Earlier
- SFC will Submit a Preliminary Plan for Completion of Decommissioning
 - 1) Technical and Regulatory Based
 - 2) Preliminary Plan shows about 10 years to complete

SUMMARY

- *SFC has Developed a Preliminary Cost Estimate*
- *SFC has a Plan to Assure the Availability of Adequate Funds for Completion of Decommissioning*
- *SFC's Net Assets and Revenues will be Devoted to Decommissioning*
- *SFC will Welcome Opportunity to Discuss with NRC Improvements in Schedule or Additional Assurance that Net Assets and Revenues will be Applied to Decommissioning*



SEQUOYAH FUELS
A GENERAL ATOMICS COMPANY

Questions and Answers

Sequoyah Fuels Corporation
STAFF