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NRC STAFF ISSUES ORDER AND DEMAND FOR INFORMATION
TO SEQUOYAH FUELS CORPORATION

The Nuclear Regulatory Commission staff has issued an order and demand for information to Sequoyah Fuels Corporation which removes one manager from supervisory and managerial activities, seeks information as to why the activities of certain other managers should not also be restricted, and prohibits restart of the company's Gore, Oklahoma, plant pending submission of a health, safety and environmental improvement plan acceptable to the NRC.

NRC is taking these actions to address significant safety violations and regulatory problems which NRC inspections and investigations have found at the plant since August 1990 when the company identified the presence of uranium-contaminated soil and water in an excavation near the solvent extraction building.

Specifically the order:

- Modifies the Sequoyah Fuels license to remove the Manager, Environmental, from supervisory or managerial responsibilities over NRC-regulated activities at the company's Gore facility for a period of one year.
- Specifies that this individual, if continuing to be involved in NRC-regulated activities during that time, not be directed or supervised by the company Senior Vice President, Vice President for Regulatory Affairs, or Health Physics Supervisor.
- Bars Sequoyah Fuels, for two years after this initial one-year period, from reassigning the person who has been Manager, Environmental, to managerial and supervisory activities without giving 30 days notice to NRC.

- Directs Sequoyah Fuels, within 30 days, to provide NRC with information showing why the Manager, Environmental, should not be prohibited from

serving in any capacity involving the performance of NRC-regulated activities.

- Prohibits Sequoyah Fuels from operating the Gore plant until the company submits and obtains NRC approval of a plan and schedule to review the adequacy of its health and safety and environmental programs. The review must (1) be performed by qualified outside personnel approved by NRC; (2) specify which changes in these programs will be done before restart; and (3) justify deferral of remaining changes until after restart. (The plant currently is shut down for scheduled annual maintenance.)

The demand for information requires that Sequoyah Fuels provide NRC information to demonstrate:

- Why the Senior Vice President, the Vice President for Regulatory Affairs, and the Health Physics Supervisor should not be prohibited from serving in any capacity involving the performance or supervision of any NRC-regulated activities.
- Why NRC should not require 30 days' notice before any reinvolvement in regulated activities by the former Sequoyah Fuels Manager, Health, Safety and Environment (who resigned from the company earlier this year).

The order and demand for information, issued October 3, 1991, is signed by Hugh L. Thompson, Jr., NRC Deputy Executive Director for Nuclear Materials Safety, Safeguards and Operations Support. It is effective immediately.

NRC's actions in regard to the Manager, Environmental, are based on a conclusion that this individual intentionally gave false information to investigators and withheld information from inspectors while the agency was reviewing the circumstances of contamination problems at the Gore plant.

In his letter transmitting the order and demand for information, Mr. Thompson said that, while the NRC staff cannot conclude that other managers provided false information, it has serious questions as to whether the two Vice Presidents and the Health Physics Supervisor, "who have not assured that past licensed or safety responsibilities were carried out," can adequately perform their organizational responsibilities in the future.

Mr. Thompson also told the company that Sequoyah Fuels' health and safety and environmental programs need "substantial improvement" to protect the environment and to assure the health and safety of the general public, plant employees and contractor workers. He said the information now sought by the NRC staff is necessary to determine whether the Sequoyah Fuels license should be further modified and whether it should be renewed.

At its Gore facility, Sequoyah Fuels is licensed to produce uranium hexafluoride from "yellowcake," or refined ore, which is one step in the process of converting uranium ores into reactor fuel, and to produce depleted uranium tetrafluoride, a step in the eventual production of solid depleted uranium, which has both commercial and military uses. The NRC staff has under review the company's application for renewal of the Sequoyah Fuels license. Although it expired September 30, 1990, the license continues in force because the company filed a timely renewal application.

NRC has had the Gore plant under heightened scrutiny since initially being informed in August of last year of underground uranium contamination on site. Shortly thereafter, NRC found that such contamination existed at several locations on the plant property, including under the main process building, and both inside and outside the restricted area. After learning in September of last year that several key Sequoyah Fuels managers knew of the contamination before NRC was informed and took no action to deal with it, the agency began an investigation to determine if their actions were willful.

In accordance with an earlier NRC order and demand for information issued in September and November 1990, Sequoyah Fuels has initiated actions to deal with the contamination found near the solvent extraction building, to determine the extent of all contamination on site, and to give NRC a plan for correcting management deficiencies. NRC, which continues to have full-time inspection coverage at the Gore plant, has no information indicating that drinking water thus far have been affected.

Sequoyah Fuels, the Manager, Environmental, or any other person adversely affected by the order may file an answer, including a request for a hearing, within 30 days of the effective date.