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NRC STAFF AUTHORIZES PHASED RESTART AT SEQUOYAH FUELS;
INSPECTORS TO MONITOR INITIAL OPERATIONS AROUND THE CLOCK

The Nuclear Regulatory Commission staff has authorized the phased resumption of operations at the Sequoyah Fuels Corporation uranium processing plant near Gore, Oklahoma. The facility has remained shut down since October 1991 as the result of an NRC order.

NRC's restart authorization is effective April 16.

Sequoyah Fuels, a subsidiary of General Atomics, processes refined uranium ores (yellowcake) to produce uranium hexafluoride (UF₆), one step in manufacturing reactor fuel. The facility also produces depleted uranium tetrafluoride (DUF₄), which eventually is used to make solid depleted uranium, a material which has both military and commercial uses.

The NRC restart authorization specifies that Sequoyah Fuels will first bring its DUF₄ facility into operation, and then will begin a staged startup of its UF₆ process. This phased approach is designed to assure a gradual move to full operation -- with work proceeding from one stage to another only after the key company committees and the company president evaluate performance, and after the NRC regional administrator approves a move to the next operational stage. It is expected that, under such a phased restart, it will take approximately three to four weeks for the plant to reach full production.

Robert D Martin, NRC regional administrator in Arlington, Texas, outlined these requirements in a letter to the company on April 16, which incorporated commitments Sequoyah Fuels made earlier for a phased restart and added additional requirements for NRC review and approval.

NRC also will have inspectors on site to monitor the company's performance around the clock during the initial stages of startup. This level of inspection coverage will be maintained as long as agency management believes it is warranted, and will then be gradually reduced to a normal inspection frequency.

The NRC order and demand for information of October 3, 1991, prevented the Sequoyah Fuels plant from resuming operation after a scheduled shutdown for maintenance. In response to that NRC action, the company has hired new management, restructured its organization, and taken other steps to address NRC concerns about its health, safety and environmental program.

During a briefing on March 17, NRC staff officials told the Commission that they did not believe the Sequoyah Fuels plant was ready for restart at that time, although substantial progress had been made in areas of NRC concern. After additional inspections, the staff has now concluded -- and has informed the Commission -- that it has reasonable assurance that Sequoyah Fuels can perform satisfactorily in the future.

Staff officials base this conclusion both on the results of continued inspections at the site and on other ongoing interactions with the company. They believe that Sequoyah Fuels has demonstrated a sufficient level of sensitivity to regulatory requirements and a capability to identify and find the root cause of problems. Inspectors have found, for example, that adequate steps have been taken to minimize further contamination, both from normal operations and from process spills; that workers are more conscientious in adhering to procedures; and that a better working relationship exists between the health and safety department and other organizations, such as maintenance and operations.

In the staff's judgment, the company also has satisfactorily addressed three issues raised earlier this year by an NRC restart readiness inspection team: increased permanent health and safety technician staffing; adequacy of interim management oversight while long-term programs become effective; and effectiveness of corrective measures taken to improve management sensitivity to the control of licensed material. The staff has further informed the Commission that no unresolved safety issues that would prevent restart have been raised by an ongoing investigation into allegations that some radiation protection records may have been falsified.

Sequoyah Fuels' application for renewal of its operating license continues to be reviewed by the NRC staff. The license would have expired September 30, 1990, but continues in force because the company filed a timely renewal application. The order and demand for information issued in October 1991 followed inspection and investigation findings which raised agency concerns about the company's health and safety and environmental programs and about the accuracy of information provided by several individuals then in management positions.

NRC's heightened scrutiny of the facility began in August 1990, after NRC learned that Sequoyah Fuels failed to inform the agency promptly of uranium contamination on the site. It was

later found that such contamination existed at several locations on the plant property. NRC continues to believe that the on-site contamination has not endangered drinking water in the area.

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