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Fansteel Inc.

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May 26,2000

U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Attn: Document Control Desk

Re: Fansteel, Inc. – Muskogee, Oklahoma
License No. SMB 911
“Reply to Notice of Violation”

Response to notice of violation:

The following is a response to the Notice of Violation dated May 2, 2000 regarding operation of the groundwater treatment system.

Reason for the activities in question:

The groundwater collection system was included as part of the decommissioning plan in order to capture impacted groundwater before it leaves the site. Gas fired evaporators were included as part of the design. This feature was described in the decommissioning plan, which contemplated that captured groundwater would be evaporated and any solids remaining would be mixed with the process feed streams. This material would become part of the process feed stream and eventually be processed during the next ten years as part of the processing plant.

Rather than evaporating the groundwater and then processing the sludge through the lime slaker on the wastewater treatment system, the captured groundwater was processed through the lime slaker, without first evaporating the water, and placed in process feed streams. All solid residue of the groundwater is deposited in process feed streams, whether or not the evaporators are operated.

Although the decommissioning plan contemplates operation of the evaporators, it also contemplates that these evaporators may not operate at all times. In that event the groundwater would necessarily require treatment without evaporation. The groundwater from the collection

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trench was processed in the same fashion as the groundwater formerly collected by the french drain around Pond 3 which is now collected by the new interceptor trench. Eliminating use of the evaporators is consistent with historic practice.

Corrective Action:

On March 3, 2000, Fansteel initiated the unit operation of evaporation within the groundwater treatment system.

Corrective Action to avoid reoccurrence:

Section 2.1.2.9 of the Decommissioning Plan states that as information is developed during the decommissioning activities and commercial reprocessing of ore residues, calcium fluoride residues and wastewater treatment residues ("WIP residues"), the relative importance of various tasks identified with the decommissioning plan may be altered. Entire new tasks may be added and some may be eliminated in their entirety. As changes are made to the decommissioning plan, Fansteel will submit revised pages to the NRC for review and comment.

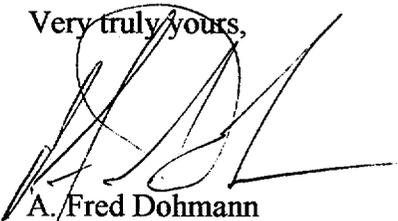
Fansteel will modify Section 2.1.2.8.2 to reflect operating conditions, which would provide for flexibility in operation of the evaporators and groundwater treatment system.

Date of Compliance:

Fansteel is now in full compliance with current license and decommissioning plan activities noted in this violation effective May 3, 2000.

In conclusion, Fansteel believes that the non-operation of the evaporators did not jeopardize the safety of plant personnel or adversely affected the environment in any manner. Fansteel hopes the information provided is sufficient in addressing the Notice of Violation identified in the inspection report. Should you have any questions concerning this response, please contact me or Monty Mooring, Radiation Safety Officer, at (918) 687-6303.

Very truly yours,



A. Fred Dohmann
General Manager

Cc: Mike Mocniak
Monty Mooring
James Burgess
Louis Carson
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