



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 13, 2000

Mr. Michael J. Mocniak
Vice President
Fansteel, Inc.
Number One Tantalum Place
Chicago, Illinois 60064

SUBJECT: FANSTEEL, INC. - DECOMMISSIONING COST ESTIMATE (TAC NO. L31315)

Dear Mr. Mocniak:

This refers to your letter dated January 27, 2000, by which you submitted Fansteel, Inc.'s (Fansteel's) decommissioning cost estimate and a response to U.S. Nuclear Regulatory Commission (NRC) staff's comments on Fansteel's December 1998 cost estimate. The NRC staff's comments were transmitted by letter dated August 18, 1999. Condition 21 of License SMB-911 requires Fansteel to review and update its decommissioning cost estimate at intervals not to exceed 13 months. Fansteel's cost estimate was based on restricted use conditions for on site disposal of residues from reprocessing radioactive materials located on the Muskogee, Oklahoma site. However, by letter dated May 9, 2000, you requested that the NRC staff discontinue review of Fansteel's decommissioning plan based on the use of a containment cell for on site waste disposal. This request was further confirmed by Mr. Fred Dohmann on November 14, 2000, in a site meeting with me. Based on this information, the NRC staff has discontinued its review of Fansteel's decommissioning cost estimate. Therefore, we are closing the casework previously opened by TAC No. L31315 for that review.

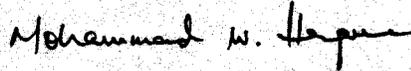
Because Fansteel is considering off-site disposal of residues remaining from reprocessing of the radioactive materials at the Muskogee site, Fansteel needs to revise its decommissioning cost estimate to reflect the current plan. Furthermore, the NRC staff's 1997 determination of the adequacy of Fansteel's financial assurance for decommissioning, as specified in its Safety Evaluation Report attached to Amendment 5 of Fansteel's Materials License, does not apply to off site waste disposal methods. Therefore, in the next adjustment of the cost estimate (February 2001), as required by License Condition 21, Fansteel should provide a cost estimate for decommissioning in sufficient detail to enable the staff to determine the amount of the financial assurance needed to adequately cover the decommissioning cost, including that for the change in disposal methods. The NRC has provided guidance for preparing a decommissioning cost estimate in Section 15 of NUREG-1727, "NMSS Decommissioning Standard Review Plan." If you have any questions regarding this action, please contact me at (301) 415-6640.

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,



Mohammad W. Haque, Project Manager
Fuel Cycle Licensing Branch
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards

Docket No: 40-7580

License: SMB-911

cc: Mr. A. Fred Dohmann
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Muskogee, OK 74403