

January 16, 2002

PRELIMINARY NOTIFICATION OF EVENT OR UNUSUAL OCCURRENCE -- PNO-IV-02-004

This preliminary notification constitutes EARLY notice of events of POSSIBLE safety or public interest significance. The information is as initially received without verification or evaluation, and is basically all that is known by the Region IV staff on this date.

**Facility**

Fansteel, Inc.  
Number Ten Tantalum Place  
Muskogee, Oklahoma 7443  
NRC Materials License No. SMB-911  
Docket No. 40-7580

**Licensee Emergency Classification**

Notification of Unusual Event  
 Alert  
 Site Area Emergency  
 General Emergency  
 Not Applicable

SUBJECT: FILING OF BANKRUPTCY

DESCRIPTION:

Fansteel Inc. has informed the NRC that on January 15, 2002, the company and most of its U.S. subsidiaries had filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the Federal Bankruptcy Court for the District of Delaware. Formal notification of the filing pursuant to 10 CFR 40.41(f) was sent to NRC by letter dated January 15, 2002.

From 1958 until 1989, the 110-acre Fansteel facility in Muskogee, Oklahoma produced tantalum metal and columbium oxide extracted from ore and slag feedstock. The AEC issued Fansteel a license during January 1967 for possession of uranium and thorium source material that was present in the ores and slag material. The facility ceased operations during December 1989. During 1993, the licensee conducted a site characterization survey to delineate the contamination still present at the site.

During January 1995, Fansteel requested a license amendment to authorize the onsite processing of pond residues containing valuable metals. The licensee planned to recover these metals while simultaneously reducing the total volume of radioactive waste material. During March 1999, the NRC authorized Fansteel to commence with residue recovery operations. Since April 1999, the licensee processed roughly 50 tons of pond material in a controlled manner during preoperational testing of plant equipment and process flowpaths.

Fansteel issued a press release on November 19, 2001, announcing that it was contemplating filing for bankruptcy. Employee layoffs occurred at the site on November 21, 2001. By NRC letter dated November 29, 2001, the NRC acknowledged Fansteel's press release and reminded the licensee of its obligations for regulatory and license compliance. In response to the November 19 press release, the NRC has formed a Bankruptcy Review Team. An inspection was conducted during early December 2001 which concluded that security and control of the radioactive material was adequate, and the licensee's staffing was adequate to maintain the plant in a shutdown condition and to ensure compliance with applicable regulations and license conditions.

Region IV received notification of the bankruptcy filing from the Fansteel General Manager (A. Fred Dohmann) by telephone at approximately 8:45 a.m. (CST) on January 16, 2002. Region IV has informed NMSS, OSTP, RIV PAO, RIV SLO, and OEDO.

The State of Oklahoma has been informed.

This information has been discussed with the Licensee and is current as of 11:30 a.m., January 16, 2002.

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