

Gary L. Tessitore
Chairman, President and
Chief Executive Officer
Number One Tantalum Place
North Chicago, IL 60064



January 14, 2003

Attention: Document Control Room
Mr. James Shepherd, Project Manager
Decommissioning Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards
Two White Flint North
11545 Rockville Pike
Rockville, MD 20852-2738

Re: Fansteel, Inc., License No. SMB-911, Docket No. 40-7580

Dear Mr. Shepherd:

Enclosed for filing in accordance with 10 C.F.R. §§ 40.42(d) and (g) is the Decommissioning Plan for Fansteel, Inc.'s ("Fansteel") Muskogee site. The Decommissioning Plan contains the technical information necessary to support the plan to terminate the Muskogee license for unrestricted use in accordance with 10 C.F.R. § 20.1402. Also included is a decommissioning cost estimate for the project.

Fansteel is currently negotiating with the U.S. Department of Justice, as representative of the U.S. Nuclear Regulatory Commission ("NRC"), and with other creditors as to their claims in the ongoing bankruptcy proceeding. The amount and type of financial assurance to be provided in connection with the Decommissioning Plan will be set forth in a plan of reorganization that Fansteel currently intends to file with the Bankruptcy Court on or before February 17, 2003. The plan of reorganization, among other things, will set forth with particularity the terms and conditions of the financial instruments proposed to be given in satisfaction of Fansteel's financial assurance requirements under the Decommissioning Plan. *See* Section 15.3 of the Decommissioning Plan.

A supplement filing with the NRC is expected to be made regarding decommissioning funding assurance by February 17, 2003. Inasmuch as it is anticipated that the pace of cleanup will likely be controlled by the available cash flow, as determined by the negotiations with the NRC, it is expected that an application for an alternative schedule for completion of decommissioning for the Muskogee facility will be filed in accordance with 10 C.F.R. § 40.42(h)(2)(i). Similarly, we plan to submit a request for exemption from the requirements of 10 C.F.R. § 40.36(d) and (e) to support the agreed upon alternative form of financial assurance mechanism. These filings are also expected to be made by February 17,

AN ATTACHMENT TO THIS LETTER CONTAINS MATERIAL TO BE
WITHHELD FROM PUBLIC DISCLOSURE PURSUANT TO 10 C.F.R. § 2.790

Nmssol

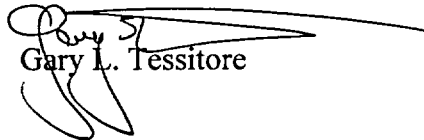


2003, which is well within the 12-month period for submission of a decommissioning plan required by 10 C.F.R. § 40.42(d).

A table entitled "Fansteel-Muskogee, Closure Cost Estimate, January 2003," which is attached hereto, shows site closure expenses broken down by year. This table, which may be relevant to the NRC's consideration of financial assurance, contains privileged and confidential commercial and financial information. In accordance with 10 C.F.R. § 2.790, as discussed in the attached affidavit, I request that this table be withheld from public disclosure. This table is being submitted to assure a complete record, although it includes costs beyond those required to satisfy NRC decommissioning funding assurance requirements, *e.g.*, certain overhead costs and costs to satisfy requirements of other government agencies.

We look forward to discussing these matters with you after completion of your initial review.

Sincerely,


Gary L. Tessitore

Enclosure

cc: Mr. Fred Dohmann

Mr. Larry W. Camper (w/out Decommissioning Plan enclosure)

AN ATTACHMENT TO THIS LETTER CONTAINS MATERIAL TO BE
WITHHELD FROM PUBLIC DISCLOSURE PURSUANT TO 10 C.F.R. § 2.790

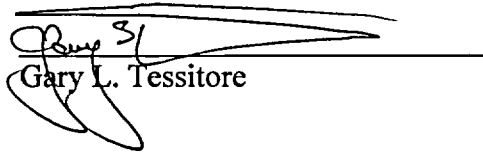
STATE OF ILLINOIS)
)
COUNTY OF LAKE)
_____)

Affidavit of Gary L. Tessitore


I, Gary L. Tessitore, being first duly sworn according to law, under oath, depose and state:

1. I am the Chief Executive Officer for Fansteel, Inc. ("Fansteel"), an NRC licensee in accordance with License Number SMB-911. My duties include the review of the attached document entitled Fansteel - Muskogee, Closure Cost Estimate, January 2003, which is being submitted to the NRC in conjunction with the submission of the Decommissioning Plan for the Muskogee facility. It contains information relevant to the formulation of a plan of reorganization to treat the claims of creditors, including those of the U.S. Nuclear Regulatory Commission ("NRC"). I am authorized by Fansteel to execute this affidavit to withhold such information from public disclosure.
2. The information contains commercial financial information related to the Chapter 11 bankruptcy cases of Fansteel and its affiliated entities. This information constitutes confidential commercial information that should be held in confidence by the NRC, pursuant to 10 C.F.R. § 9.17(a)(4) and 10 C.F.R. § 2.790, for the following reasons:
 - (i) This information is of a type that is customarily held in confidence by Fansteel. These materials could reveal Fansteel's negotiating strategy in ongoing talks with parties in the bankruptcy proceeding, including information concerning future cash flows from the reorganized entity. The information contained therein is not released to the general public and was intended to remain confidential in order to preserve its value and usefulness.
 - (ii) This information is and has been held in confidence by Fansteel. Its disclosure outside the company is strictly limited and controlled.
 - (iii) This information is being transmitted to the NRC in confidence.
 - (iv) To the best of my knowledge, this information is not available through public sources, and could not be gathered readily from other publicly available information.

- (v) Public disclosure of this information would create substantial harm to the competitive interests of Fansteel by disclosing sensitive financial information related to its position in the ongoing Chapter 11 bankruptcy proceedings to other parties whose interests may be adverse to those of Fansteel.
3. Accordingly, Fansteel requests that the designated information be withheld from public disclosure pursuant to 10 C.F.R. §§ 2.790(a)(4) and 9.17(a)(4).


Gary L. Tessitore

Subscribed and sworn to me, a Notary Public, this 13th day of January, 2003.

My Commission expires: 1/21/2007

(Notary Public)

