

Gary L. Tessitore
Chairman, President and
Chief Executive Officer

Fansteel

June 26, 2003

VIA ELECTRONIC MAIL

U.S. Nuclear Regulatory Commission
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, Maryland 20852-2738

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

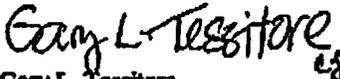
Dear Mr. Shepherd:

On January 14, 2003, I transmitted to you for filing in a timely manner Fansteel Inc.'s ("Fansteel") proposed Decommissioning Plan for its Muskogee, Oklahoma site. Thereafter, Fansteel, the NRC, and numerous other creditors and parties in interest entered into negotiations resulting in the execution by counsel of a "Summary of Principal Terms of Joint Reorganization Plan" (the "Term Sheet"), dated May 23, 2003. Notwithstanding the requirement in the Term Sheet for the "good faith efforts of all parties to work together to finalize all necessary definitive documents contemplated by the Term sheet," recent positions taken by the NRC relative to the resolution of several key issues central to the review of the Decommissioning Plan, the timely decommissioning of the site, and the successful exit from bankruptcy, including NRC's decision today to suspend its review of the Decommissioning Plan, are wholly unwarranted, without legal basis, and inconsistent with, *inter alia* the express terms of the Term Sheet, as well as the letter of May 9, 2003 from Daniel M. Gillen to me.

In addition, the recent actions and public pronouncements by the State of Oklahoma, including its June 16, 2003, Request for Hearing concerning the Decommissioning Plan, are wholly without merit, inaccurate in their characterization of Fansteel's motivations, and would lead to prolonged and expensive litigation to the detriment of the value of the estate and its creditors.

Accordingly, effective immediately, Fansteel is hereby withdrawing the Decommissioning Plan and reserving all of its rights. This action also moots all issues raised in the "State of Oklahoma's Hearing Request", dated June 16, 2003.

Sincerely


Gary L. Tessitore

cc: The Honorable Nils J. Diaz
The Honorable Edward McGaffigan
The Honorable Greta J. Dicus
The Honorable Jeffrey S. Merrifield
NRC Document Control Desk
G. Paul Bollwerk, III, NRC
Office of Commission Appellate Adjudication, NRC

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