

ATTACHMENT 3

NRC FORM 374

U.S. NUCLEAR REGULATORY COMMISSION

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

<p style="text-align: center;">Licensee</p> <p>MRI</p> <p>1. Fansteel, Inc.</p> <p>2. Number ^{Ten} One Tantalum Place North Chicago, Illinois 60064 Muskogee, Oklahoma 74403</p>	<p>3. License Number SMB-911, Amendment 10</p> <p>4. Expiration Date September 30, 2002</p> <p>5. Pocket No. 40-7580 Reference No.</p>
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6. Byproduct Source, and/or Special Nuclear Material	7. Chemical and/or Physical Form	8. Maximum amount that Licensee May Possess at Any One Time Under This License
Natural uranium and thorium	Any	400 tons as elemental uranium and thorium
A. Natural Uranium	A. Tin slags, ores, concentrates, process residues, and uranium oxides	A. 13,000 kg uranium
B. Natural Thorium	B. Tin slags, ores, concentrates, process residues, and thorium hydroxide	B. 71,000 kg thorium
C. Natural Uranium	C. As a contaminant in soil and sediment	C. 4,000 kg uranium
D. Natural Thorium	D. As a contaminant in soil and sediment	D. 2,500 kg thorium

9. Authorized place of use: The licensee's existing facilities at Muskogee, Oklahoma. The portion of the Fansteel Property identified as the Northwest Property in Figure 2, Dwg. No. 0111210, of the licensee's Additional Radiation Survey Activities Report dated December 1995, and as defined by the legal description provided thereon, is released from the restrictions of this license. This release is based on the statements and representations made in the application dated July 8, 1993, and supplements dated December 28, 1993; May 24, July 27, and December 1, 1994; December 18, 1995; and March 16, 1996.

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number

SMB-911

Docket or Reference Number

40-7580

Amendment No. 10

10. Authorized use: ~~For use in accordance with statements, representations, and conditions contained in Part I (Chapters 1 through 5) of the application submitted by letter dated May 10, 1999, and supplemented by letters dated February 3, May 17, July 7, 1999, January 25, 2000, and March 5, 2002.~~ *Activities related to characterization and decommissioning of contaminated facilities, equipment and land; and maintenance of control over licensed materials.*
11. Deleted by Amendment 4, dated March 1999.
12. The licensee shall have a qualified Plant Radiation Safety Officer (PRSO) on site for all licensed activities.
13. Deleted by Amendment 2, dated February 1999.
14. The minutes of the Radiation Safety Committee meeting shall be submitted, as a minimum, to the Committee members.
15. Deleted by Amendment 2, dated February 1999.
16. Deleted by Amendment 5, dated May 1999.
17. Deleted by Amendment 2, dated February 1999.
18. Deleted by Amendment 4, dated March 1999.
19. Deleted by Amendment 4, dated March 1999.
20. Deleted by Amendment 6, dated August 1999.
21. ~~The licensee shall review the decommissioning cost estimate by June 25, 2002, and thereafter at intervals not to exceed thirteen (13) months. The estimate shall be adjusted to reflect the current appraisal of waste volumes, costs, and disposal methods. Financial instruments to assure the cost estimate shall also be updated to reflect changes in this amount, if the amount increases by more than 4 percent.~~ Deleted by Amendment _____, dated _____, 2003.
22. Deleted by Amendment 6, dated August 1999.
23. Deleted by Amendment 2, dated February 1999.
24. ~~The licensee shall notify all recipients of solid products/waste of the concentration of radionuclides in each batch transferred.~~ Deleted by Amendment _____, dated _____, 2003.
25. All source material stored outside of the process buildings at the Fansteel facility (other than material contained in the ponds) shall be placed on raised pallets on a concrete pad. The area shall be sheltered by a roof and shall be surrounded by a concrete berm for containment.

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and as a contaminant in soils and sediment

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26. Remediation and decommissioning activities at the Muskogee facility shall be performed in accordance with the decommissioning plan and supplemental correspondence submitted by letter dated ~~June 16, 1999~~ and supplemented by letters dated ~~July 16, 1999, and November 9, 2000.~~

January 14, 2003

May 8, 2003, May 9, 2003, July 24, 2003, [insert dates of other submissions], and the Order of the United States Bankruptcy Court for the District of Delaware confirming the Joint Reorganization Plan of ~~First Steel, Inc. and Subsidiaries,~~ ("Plan of Reorganization") dated _____.

27. ~~The licensee shall use the following criteria for release for unrestricted use:~~

~~Groundwater activity:~~

~~30 pCi/L of uranium (U-238, U-235, and U-234) and
15 pCi/L adjusted gross alpha (gross alpha excluding radium-226 and uranium);~~

~~Soil activity:~~

~~40 pCi/g from any combination of natural uranium and thorium;~~

~~Exposure rate from soil:~~

~~40 micro roentgen (μR) per hour (hr) above background at one meter (m) from the surface averaged over a 100 m² grid, where the maximum may not exceed 20 μR/hr;~~

~~Activity on equipment and structure surfaces:~~

~~Surfaces are to be cleaned to the release limits for natural thorium:~~

~~1,000 dpm per 100 cm² alpha radioactivity, total;
200 dpm per 100 cm² alpha radioactivity, removable;
3,000 dpm per 100 cm² alpha radioactivity, maximum over 100 cm²;
6,000 dpm per 100 cm² beta gamma radioactivity, total;
4,000 dpm per 100 cm² beta gamma radioactivity, removable; and
45,000 dpm per 100 cm² beta gamma radioactivity, maximum over 100 cm²;~~

~~For surfaces contaminated with natural uranium and thorium that cannot be cleaned to the thorium release limit, the sum of uranium and thorium activity fractions may not exceed 1 (as defined by the unity rule in Section 4.2 of the Decommissioning Plan submitted by letter dated June 16, 1999), where uranium activity values are as follows:-~~

~~5,000 dpm per 100 cm² alpha radioactivity, total;
1,000 dpm per 100 cm² alpha radioactivity, removable;
15,000 dpm per 100 cm² alpha radioactivity, maximum over 100 cm²;
5,000 dpm per 100 cm² beta gamma radioactivity, total;
4,000 dpm per 100 cm² beta gamma radioactivity, removable; and
45,000 dpm per 100 cm² beta gamma radioactivity, maximum over 100 cm²;~~

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~~Exposure rate from building surfaces:~~

~~5 μ R/hr above background at 1 m from the surface averaged over area not to exceed 10 m²~~

28. The licensee shall conduct a final survey and sampling program to ensure that residual contamination meets the unrestricted use criteria in this license. Buildings, equipment, and outdoor areas shall be surveyed in accordance with NUREG/CR-5849, "Manual for Conducting Radiological Surveys in Support of License Termination."
- a.) Soil and soil-like materials with elevated activities exceeding the unrestricted use criteria shall be investigated to determine compliance with the averaging criteria of NUREG/CR-5849. These criteria address averaging concentrations over any 100 m² (A) and use the (100/A)^{1/2} elevated area method.
- b.) Radioactivity levels shall not exceed the averaging criteria in NUREG/CR-5849. Radioactively contaminated material that exceeds the averaging criteria defined in NUREG/CR-5849 shall be removed and transferred to a licensed, low-level radioactive waste disposal facility.

FOR THE NUCLEAR REGULATORY COMMISSION

Daniel M. Gillen

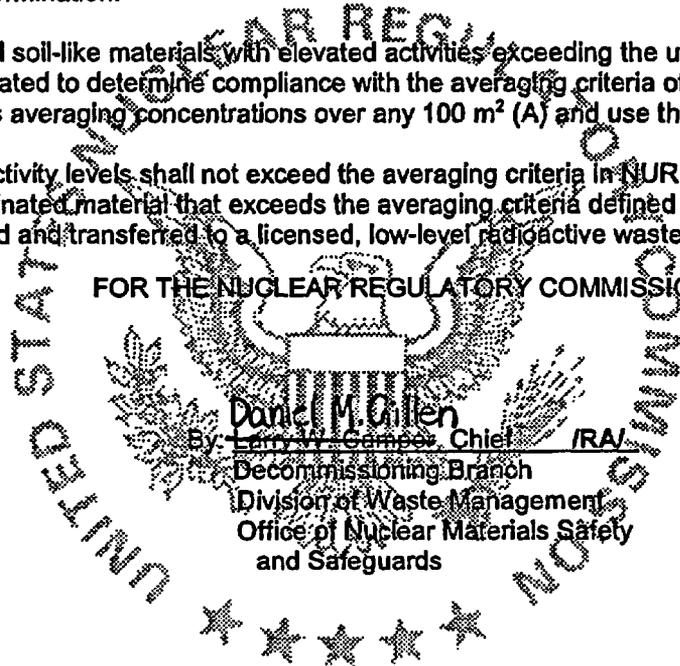
By: Larry W. Campbell, Chief /RA/

Decommissioning Branch

Division of Waste Management

Office of Nuclear Materials Safety
and Safeguards

Date: 07/26/2002



**LICENSE NO. SMB-911
CONTINUATION SHEET
LICENSE CONDITIONS**

29. On the effective date of the Fansteel Inc. Plan of Reorganization, the licensee, MRI, shall have been formed as a Delaware corporation capable of doing business in the State of Oklahoma.
30. On the effective date of the Fansteel Inc. Plan of Reorganization, all relevant equipment, real property, improvements, and the interest in the Standby Trust Fund (together with the interest thereon) shall have been transferred to the licensee.
31. On the effective date of the Fansteel Inc. Plan of Reorganization, the licensee's Board of Directors and Officers shall be as set forth in the application submitted by letter dated [date].
32. On the effective date of the Fansteel Inc. Plan of Reorganization, Fansteel Inc. shall have delivered to the licensee
 - a.) the Primary Note,
 - b.) cash in the amount of \$250,000.00, and
 - c.) the Secondary Note,as described in the decommissioning plan as approved in Condition 26.
33. On the effective date of the Fansteel Inc. Plan of Reorganization, the licensee shall execute the Letter Agreement in the form set forth in Attachment 1 to the application submitted by letter dated [date].
34. On the effective date of the Plan, MRI shall execute the amended Trust Agreement in the form contained in the License Transfer Application.

35. After the Fansteel Inc. Plan of Reorganization becomes effective, the licensee shall provide the Director of the Office of Nuclear Material Safety and Safeguards, NRC, Washington, DC 20555, satisfactory documentary evidence of compliance with Conditions 29-34 within 30 business days.
36. MRI shall provide to the NRC Fansteel Inc.'s annual financial statements and an annual statement of cash flow within 30 business days of the date it is required to determine "Excess Available Cash" for the purpose of annual payments to the Primary and/or Contingent Notes, as described in the decommissioning plan as approved in Condition 26.
37. Within 60 days of completion of additional site characterization to be performed during Phase 3 of the Decommissioning Plan, as approved pursuant to Condition 26, and as described in Fansteel Inc.'s letter of May 8, 2003, the licensee will submit to the NRC the following:
 - a.) The results of the additional site characterization analyses performed, and the licensee's conclusion as to the volume of soils in excess of the amount set forth in the Decommissioning Plan submitted by letter dated January 14, 2003, if any, requiring radiation.
 - b.) The incremental cost of remediation of such soils, if any.
 - c.) The proposed terms of any Contingent Note, as described in the decommissioning plan as approved in Condition 26.
38. Upon submission to the NRC of the results of site characterization, estimated soil remediation costs, and the proposed terms of a Contingent Note, as described in the decommissioning plan as approved in Condition 26, the following procedures shall apply:

- a.) The licensee, the NRC, and Fansteel will negotiate in good faith for up to 30 days with respect to the amount and/or terms of the Contingent Note.
- b.) If no agreement is reached by the conclusion of the 30-day period, Fansteel Inc. will promptly deliver a Contingent Note to the licensee in the amount, and on the terms, proposed by Fansteel and the licensee. The Contingent Note will be transmitted to the NRC within 30 business days of its issuance.
- c.) Unless the NRC objects to the amount and terms of the Contingent Note issued by Fansteel (via issuance of an Order pursuant to 10 C.F.R. § 2.202 or any successor regulation) within 180 days of issuance, the amount and terms of the Contingent Note become final.
- d.) If the NRC timely objects to the amount and terms of the Contingent Note, the licensee shall have the opportunity to request a hearing on such an Order. Any such hearing shall be conducted pursuant to the procedures in 10 C.F.R. Part 2.
- e.) The hearing procedures contained in 10 C.F.R. Part 2, Subpart G (or the successor regulations thereto) shall apply to all disputes relating to the Contingent Note and the licensee's obligations under this license and the Decommissioning Plan, as approved by Condition 26.
- f.) Judicial review of any final agency action shall be conducted pursuant to the standard of review set forth in Section 706 of the Administrative Procedure Act, 5 U.S.C. § 706.