

December 24, 2003

Mr. Gary L. Tessitore
Chief Executive Office
Fansteel, Inc.
Number One Tantalum Place
North Chicago, IL 60064

SUBJECT: WAIVER OF DECEMBER 31, 2003 EFFECTIVE DATE IN LICENSE SMB-911

Dear Mr. Tessitore:

I am writing in response to your December 24, 2003, letter requesting an extension of the December 31, 2003 effective date contained in Fansteel's NRC license no. SMB-911. You requested this extension because the approvals contained in license amendments 11 and 12 of the Fansteel license were conditioned on Fansteel's ability to reorganize with an effective date of December 31, 2003. Both amendment approvals stated, in pertinent part, that if Fansteel's corporate reorganization does not become effective as of the December date, the amendments shall become null and void. The conditional approval does, however, allow the NRC to extend the December date (in writing) upon written application and for good cause.

Subsequent to the December approvals, Fansteel entered into negotiations with the State of Oklahoma regarding the transfer of Fansteel's Oklahoma Pollutant Discharge Elimination System Permit for the Muskogee site from Fansteel to its subsidiary, FRMI, Inc. As a result of those negotiations, a Settlement has been reached that requires a number of actions be taken in support of the Settlement. These actions will make it impossible for Fansteel to meet the December 31 date. Therefore, you have requested that the NRC extend the effective date from December 31, 2003, to February 15, 2004.

Your letter states that such an extension would allow Fansteel's successful emergence from bankruptcy and would permit implementation of the Second Amended Joint Reorganization Plan of Fansteel, Inc. and Subsidiaries (Second Amended Plan). This, Fansteel asserts, would preserve the benefits of a heavily negotiated plan of reorganization designed to provide all creditors maximum recovery.

The NRC finds that good cause does exist for extending the effective date from December 31, 2003, to February 15, 2004, in order to accommodate the Settlement and the other actions related to the bankruptcy referenced above. Therefore, the NRC will extend the effective date contained in Fansteel's license SMB-911 to February 15, 2004, with the understanding that the Second Amended Plan is anticipated to become effective on or before that date.

Mr. G. Tessitore

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December 24, 2003

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/reading-rm.html> (the Public Electronic Reading Room.)

Sincerely,

/RA/

Daniel M. Gillen, Chief
Decommissioning Branch,
Office of Nuclear Material Safety
and Safeguards

Docket 70-7580

License SMB-911

Mr. G. Tessitore

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December 24, 2003

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Sincerely,
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Daniel M. Gillen, Chief
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Docket 70-7580

License SMB-911

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