

**GULF UNITED**  
NUCLEAR FUELS CORPORATION

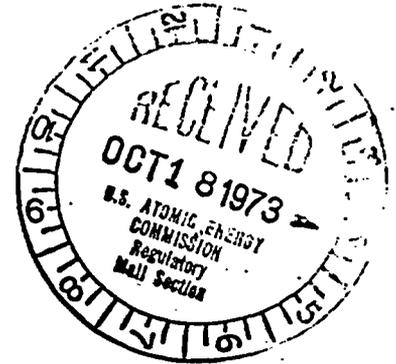
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October 15, 1973

P. O. Box 605  
New Haven, Connecticut 06503  
203-777-7641

In reply, refer to RA:LM-73-112

Mr. John F. O'Leary  
Director of Licensing  
Office of Regulation,  
U.S. Atomic Energy Commission  
Washington, D.C. 20545



Subject: Request for Modification of Order or Hearing

Reference: AEC License No. SNM-33, Docket 70-36

Dear Mr. O'Leary:

Your letter dated September 4, 1973 modifying your Order of July 5, 1973 was received on September 24, 1973. Gulf United Nuclear Fuels Corporation wished to advise you that we believe the effective dates for achieving compliance specified in your modified Order are not possible of achieving in any reasonable manner by us, and, therefore, we would be placed in a condition of non-compliance on the dates specified. The course of action and schedule which we provided to you with our letter of July 23, 1973, established what we believe to be a realistic and expeditious schedule for complying with your Order. This schedule recognizes the lead times required by suppliers of necessary services and materials over which we have no control.

We have appointed a full time project director who is responsible for the implementation of the physical protection program specified in your Order and we have been adhering to the schedule set forth in our letter of July 23. Additional application of manpower will be both difficult and counter productive. Reassignment of remaining available qualified staff will necessitate the sacrificing of effort on some other portion of the program we proposed. Bringing on personnel from contractor organizations, no matter how well qualified, will necessitate a period of familiarization and training. Our staff effort would be diluted by such a training load with the net effect being a lengthening of our earlier estimated schedule.

Perhaps our greatest concern, however, is with the quality of the result which we shall realize by a crash program. We have consistently maintained that the resolution of complex technical problems should be achieved through the application of the best skill in an orderly manner. Hasty results may

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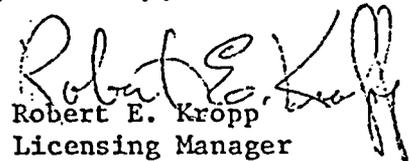
yield less security with attendant higher risks in the long term. We cannot accept the fact that this is the Commission's intent.

Let us assure you that we recognize the importance of achieving the physical protection requirements specified in your Order and their implementation in an expeditious manner with a high priority. We sincerely believe that this cannot be achieved within the schedule you specified. Let us further assure you that we will employ our best efforts to bring about implementation on a schedule sooner than we estimated in our letter of July 23, but since so much is based on the actions of third parties, over which we have no control, we cannot assure achievement at an earlier date.

We appreciate your comments on our proposed schedule as set forth in the enclosure to your September 4, letter. However, we do not find your recommendations to be in sufficient detail to permit us to apply them to achieve an actual reduction our estimate of the time required to comply with the July 5 Order. Any specific suggestions you and your staff may have in this regard will be most welcome.

If you are unable to provide us with realistic means of achieving your schedule or cannot accept our schedule, we have no choice but to ask that this letter be considered a request for a hearing concerning the effective dates specified in your letter of September 4, upon which implementation of the requirements and conditions set forth in Section III of your Order of July 5; are to be implemented.

Sincerely,

  
Robert E. Kropp  
Licensing Manager

REK:pb