January 19, 2006

Mr. William Andrews
U.S. Geological Survey
202 NW 66th Bldg 7
Oklahoma City, OK 73116

SUBJECT: RESUMPTION OF ENVIRONMENTAL IMPACT STATEMENT PREPARATION FOR THE SEQUOYAH FUELS CORPORATION SITE NEAR GORE, OK

Dear Mr. Andrews:

The purpose of this letter is to inform you that in the near future, the U.S. Nuclear Regulatory Commission (NRC) will be resuming preparation of an Environmental Impact Statement (EIS) for the proposed reclamation of the Sequoyah Fuels Corporation (SFC) site near Gore, Oklahoma. The NRC staff is requesting confirmation from your agency as to whether it will continue as a Cooperating Agency in the preparation of the SFC site EIS.

Under an NRC materials license, SFC operated a uranium conversion facility near Gore, Oklahoma, from 1970 to 1993. There were two major operations at the facility: conversion of uranium oxide (yellow cake) to uranium hexafluoride (UF_6), and conversion of depleted uranium hexafluoride (DUF_6) to depleted uranium tetrafluoride (DUF_4). As a result of operations, the site has large volumes of contaminated waste, soils, and structures, the disposition of which must be addressed in the EIS.

SFC submitted a site decommissioning plan in 1999 and, as part of its plan, proposed restricted release of the site in accordance with the provisions of 10 CFR Part 20.1403 (the license termination rule). However, restricted release requires the commitment of a responsible party to act as a custodian of the site. SFC was not able to obtain a commitment from an acceptable responsible party, although it held discussions with the U.S. Department of Energy (DOE) in that regard.

In January 2001, SFC requested a determination by NRC whether waste from the solvent extraction portion of the uranium hexafluoride conversion process could be classified as byproduct material defined in Section 11e.(2) of the Atomic Energy Act of 1954, as amended. 11e.(2) byproduct material sites must be remediated in accordance with Appendix A of 10 CFR Part 40. Additionally, sites remediated in accordance with Appendix A that contain 11e.(2) byproduct material above specified concentrations must be transferred to a government custodian for perpetual custodial care. The custodian can be the State in which the 11e.(2) site is located, but if the State declines, DOE must accept the site and become the custodian.

In July 2002, the Commission determined that most of the waste material at the site can be classified as 11e.(2) byproduct material. On December 11, 2002, the NRC granted an SFC request to possess 11e.(2) byproduct material and amended several conditions in SFC's materials license. One of those amended conditions required SFC to submit a site reclamation plan to NRC by March 15, 2003. SFC submitted its reclamation plan by letter dated

January 28, 2003. The reclamation plan has been updated by submittals dated August 8, 2003, August 29, 2003, February 17, 2004, and April 12, 2005.

An NRC decision on the acceptability of reclamation activities at the SFC site must be supported by an appropriate evaluation of the environmental impacts and alternatives under the National Environmental Policy Act and NRC's requirements in 10 CFR Part 51. NRC is preparing an EIS for this site because the on-site disposal of any of the wastes from site operations involves a long-term commitment of land and may cause other significant impacts on the human environment.

Preparation of a site EIS was begun under the decommissioning regulatory program, but its completion has been delayed significantly to accommodate the regulatory shift from 10 CFR Part 20 to 10 CFR Part 40. NRC held a rescoping meeting in May 2003, to identify issues associated with the regulatory change. In the Rescoping Summary Report, dated November 2003, NRC staff documented any new issues identified in the rescoping process. Since that time, SFC has prepared, and NRC staff has been reviewing, several technical documents to meet the requirements of the site reclamation program under 10 CFR Part 40. Recognizing the progress made by NRC staff in its review of these technical documents, we consider it appropriate in the near future to resume preparation of the site EIS.

As your agency participated as a Cooperating Agency, as defined under 10 CFR Part 51.14, in the development of the decommissioning plan EIS, we request confirmation that your agency desires to continue in that role during the preparation of the reclamation plan EIS. In addition, should you wish to continue as a Cooperating Agency, please provide with your affirmative response the name of an agency representative who would function as the primary point of contact on this project.

Finally, the schedule for the site EIS is tentative and depends on the actual resumption date of NRC's EIS preparation activities. Based on a February 2006 resumption date, issuance of the draft EIS for public comment could occur in the fall of 2006, with the final EIS potentially issued in the summer of 2007.

If you have any questions concerning this matter, please contact Mr. James Park, NRC Environmental Project Manager for the SFC site. Mr. Park can be reached at (301) 415-5835 or via email at jrp@nrc.gov.

Sincerely,

/RA/

Scott C. Flanders, Deputy Director
Environmental and Performance
Assessment Directorate
Division of Waste Management
and Environmental Protection
Office of Nuclear Material Safety
and Safeguards

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