



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005

December 2, 2005

Mr. E. Jonathan Jackson, President/CEO
FMRI (a subsidiary of reorganized Fansteel, Inc.)
Number Ten Tantalum Place
Muskogee, Oklahoma 74403

SUBJECT: INSPECTION REPORT 040-7580/05-002

Dear Mr. Jackson:

This refers to the inspection conducted November 2-4, 2005, at FMRI's rare earth recovery facility in Muskogee, Oklahoma. An exit briefing was conducted onsite at the conclusion of the inspection on November 4, 2005. The enclosed report presents the results of that inspection.

The purpose of the inspection was to examine activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations, conditions of your license, and the approved decommissioning plan. Within these areas, the inspection consisted of selected examination of procedures and representative records, facility site tours, and interviews with personnel. The inspection determined that you were conducting Phase 1 remediation and routine site operations in accordance with regulatory and license requirements.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response (if any) will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/Adams.html>.

Should you have any questions concerning this inspection, please contact Ms. Beth Schlapper at (817) 860-8169, Mr. Robert Evans at (817) 860-8234, or the undersigned at (817) 860-8191.

Sincerely,

/RA/ Leonard D. Wert for

D. Blair Spitzberg, Ph.D. Chief
Fuel Cycle and Decommissioning Branch

Docket No.: 040-07580
License No.: SMB-911

Enclosure:
NRC Inspection Report 040-07580/05-002

cc w/enclosure:

Mr. Walter Beckham, City Manager
City of Muskogee
229 West Okmulgee
Muskogee, Oklahoma 74401

Mr. George Brozowski, Regional Health
Physicist
U.S. Environmental Protection Agency,
Region VI
1445 Ross Avenue
Mail Stop-6PDT
Dallas, Texas 75202

Timothy Hartsfield
District Environmental Manager
Tulsa District
U.S. Army Corps of Engineers
1645 South 101st East Avenue
Tulsa, Oklahoma 74128

Ms. Kelly Hunter Burch
Assistant Attorney General
Office of Attorney General
4545 North Lincoln Blvd., Suite 260
Oklahoma City, OK 73105

Ms. Afsaneh Jabbar, Manager
Oklahoma Department of Environmental
Quality
Industrial Permit Section
Water Quality Division
P.O. Box 1677
Oklahoma City, Oklahoma 73101-1677

Mr. Mike Broderick, Administrator
Oklahoma Department of Environmental
Quality
Waste Management Division
Radiation Management Section
P.O. Box 1677
Oklahoma City, Oklahoma 73101-1677

Mr. Kevin Sampson
Oklahoma Department of
Environmental Quality
Waste Management Division
Radiation Management Section
P.O. Box 1677
Oklahoma City, Oklahoma 73101-1677

Ms. Pamela Bishop
Environmental Specialist
Oklahoma Department of
Environmental Quality
Waste Management Division
Radiation Management Section
P.O. Box 1677
Oklahoma City, Oklahoma 73101-1677

Mr. Phillip Fielder
Oklahoma Department of
Environmental Quality
Air Quality Division
P.O. Box 1677
Oklahoma City, Oklahoma 73101-1677

Mr. Richard Gladstein, Esq.
Environmental Enforcement Section
Environment and Natural
Resources Division
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Mr. John Flynn, Environmental Engineer
Oklahoma Department of Environmental
Quality
Waste Management Division
Radiation Management Section
P.O. Box 1677
Oklahoma City, Oklahoma 73101-1677

bcc w/ enclosure(via ADAMS distrib):

LDWert

JCShepherd, NMSS/DWMEP/DCB

CMCraig, NMSS/DWMEP/DCB

DBSpitzberg

BASchlapper

RJEvans

FCDB File

RIV Nuclear Materials File - 5th Floor

SISP Review Completed: bas

ADAMS: Yes No

Initials: bas

Publicly Available Non-Publicly Available

Sensitive

Non-Sensitive

DOCUMENT NAME: S:\DNMS\Fcdb\BAS\50758002.wpd

final r:\ dnms

RIV:DNMS:FCDB	RIV:DNMS:FCDB	C:FCDB
BASchlapper	RJEvans	DBSpitzberg
/RA/	/RA/	/RA/ LDWert for
11/30/05	11/30/05	12/02/05

OFFICIAL RECORD

T=Telephone

E=E-mail

F=Fax

ENCLOSURE

U. S. NUCLEAR REGULATORY COMMISSION
REGION IV

Docket No.: 040-07580

License No.: SMB-911 (expired September 30, 2002)

Report No.: 040-07580/05-002

Licensee: FMRI (a subsidiary of Reorganized Fansteel)

Facility: Muskogee Plant

Location: Muskogee, Oklahoma

Inspection Dates: November 2-4, 2005

Inspectors: Beth Schlapper, Health Physicist
Fuel Cycle & Decommissioning Branch

Robert Evans, Senior Health Physicist
Fuel Cycle & Decommissioning Branch

Accompanied By: John Flynn, Environmental Engineer
Oklahoma Department of Environmental Quality
Waste Management Division
Radiation Management Section

J. Paul Davis, Environmental Programs Specialist
Oklahoma Department of Environmental Quality
Land Protection Division

Leonard D. Wert, Director
Division of Nuclear Materials Safety

Approved By: D. Blair Spitzberg, Ph.D., Chief
Fuel Cycle & Decommissioning Branch

Attachment: Supplemental Inspection Information

EXECUTIVE SUMMARY

FMRI, Muskogee Plant
NRC Inspection Report 040-07580/05-002

This inspection included a review of radiation protection, environmental protection, low-level radioactive waste storage and radioactive waste management, onsite construction, decommissioning, and followup of previous NRC inspection findings. Overall, the licensee was conducting Phase 1 reclamation and routine site operations in accordance with regulatory and license requirements.

Radiation Protection

- The licensee implemented a radiation protection program that met the requirements established in 10 CFR Part 20 and the license. Site tours confirmed that security and control of radioactive material were adequate. Occupational exposures were below regulatory limits (Section 1).

Environmental Protection

- The environmental and effluent monitoring programs were implemented in accordance with license requirements. All required samples were collected, and no sample result exceeded any regulatory or reporting limit (Section 2).

Low-Level Radioactive Waste Storage and Radioactive Waste Management

- The licensee had effectively implemented the license requirements related to the management of radioactive waste. All radioactive material storage areas were protected and controlled with proper radiological posting/labeling as required (Section 3).

Onsite Construction

- The licensee had constructed the onsite material drying, staging, and processing areas in accordance with the Decommissioning Plan, construction drawings, and work plans (Section 4).

Decommissioning Inspection Procedure for Materials Licensees

- Decommissioning was being conducted in a manner that was protective of workers' radiological health and safety. The licensee had established a radiation health and safety plan that was in compliance with license requirements (Section 5).

Followup

- Violation 040-07580/0401-01& EA-04-188 was issued because FMRI failed to commence with decommissioning by the date specified in the license. FMRI subsequently commenced Phase I decommissioning activities during June 2005.

During this inspection, work-in-process residue material from Pond 3 was being processed and bagged for offsite disposal or disposition. This violation was closed (Section 6).

- Violation 040-07580/0501-01 was issued because FMRI failed to provide financial information to the NRC by the date specified in the license. FMRI responded by letter dated August 23, 2005, but the NRC determined that the response did not provide acceptable steps to achieve compliance. The NRC requested additional documentation of actions to achieve compliance by letter dated September 12, 2005. FMRI responded by letter dated October 11, 2005. At the end of the onsite inspection, the licensee's second response was still under NRC review. This violation was left open (Section 6).

Report Details

Summary of Site Status

Decommissioning of the FMRI site is expected to occur in four phases. Phase 1 consists of remediation and offsite disposal of residue material in Ponds 2 and 3. At the time of the inspection, the facility was conducting Phase I decommissioning activities. The work was being conducted in accordance with the NRC-approved Decommissioning Plan (DP) dated January 14, 2003.

Residue work-in-process (WIP) material was being excavated from Pond 3 and was being relocated to one of two temporary processing and packaging areas (TPPAs). The TPPAs, situated adjacent to Pond 3, were being used for material drying and processing operations. Once dried, the waste material was then bagged in 2-ton super-sacks and staged for future disposal or disposition at an offsite location. At the end of the onsite inspection, the licensee had excavated about 42-percent of the contents of Pond 3 and had bagged about 64 tons of WIP material.

As part of Phase 1 decommissioning, the licensee plans to generate about 9,000-10,000 super-sacks of material. The licensee plans to begin shipping this material to an offsite location beginning in January 2006. The material will be shipped by rail, and the licensee estimates that each railcar will hold roughly 50 bags (100 tons) of waste material.

Plant systems were in suspended operations mode, although the groundwater treatment system, waste water treatment plant, environmental monitoring systems, plant boilers, air compressors, and building utilities (electricity, heat, water) remained in service. All process systems had been drained of potentially radioactive material. Previously bagged WIP material from Pond 5 remained in storage in the former sodium reduction building. All calcium fluoride (CaF₂) material in the plant was previously returned to Ponds 8 and 9 via the waste water treatment system. The licensee also continued to store 16 drums of solvent extraction material in Chem A building, material that had been previously removed from the solvent extraction process circuit.

Figure 9-1, "Decommissioning Management Organization," of the DP provided the organizational chart that depicted job functions needed to support decommissioning activities. The inspectors compared the onsite organization to the structure provided in Figure 9-1. At the time of the inspection, onsite staffing included five FMRI employees, one general maintenance contractor, site security staff, and five construction contractors. The inspectors noted that all positions had been filled, and that the licensee had sufficient staff to conduct decommissioning.

1 Radiation Protection (83822)

1.1 Inspection Scope

The inspectors examined the licensee's radiation protection program for compliance with 10 CFR Part 20 and license requirements.

1.2 Observations and Findings

a. Site Tour

Site tours were conducted to observe facility conditions and activities in progress. The tours included all buildings, ponds, and radioactive material storage areas. The site tours confirmed that all areas with radiological materials were properly secured and posted with "Caution, Radioactive Material" signs. Faded postings and labels were observed on the sodium reduction building; however, the licensee updated these postings and labels prior to the end of the onsite inspection.

Radiological surveys were conducted using a Ludlum Model 19 (NRC No. 015544, calibration due date of 11/16/05) microRoentgen survey meter and a Ludlum Model 2401-P (NRC No. 21190G, calibration due date of 09/23/06) exposure rate survey meter. The ambient exposure rates in most areas of the main plant were noted to be at background levels, approximately 10 μ R/hr. The highest exposure rate in areas accessible to plant personnel was 110 μ R/hr at the northwest corner of Pond 3. All exposure rate measurements were below the definition of a radiation area (5000 μ R/hr).

Adequate protective clothing and contamination control practices were evident in the areas where work was being conducted.

Site security was provided by a contract security company and by site personnel during regular business hours. Access to the site was limited by locked gates and fences during non-business hours to prevent unauthorized access to the facility. The site perimeter fences and access gates were in good condition and properly posted. All radioactive material storage areas were secured and controlled within the site boundary in accordance with the requirements of 10 CFR 20.1801. As noted above, all radioactive material storage areas displayed proper radiological postings as required by 10 CFR 20.1902(e).

b. Occupational Exposures

The external exposure requirements are discussed in Section 10.4 of the DP. The licensee assigned thermoluminescent dosimeters to site workers. The inspectors reviewed the occupational exposure records for 2004 and the first half of 2005. During 2004, five individuals were monitored for external exposures. None of the workers received a measurable radiation dose in 2004. One permanent site worker received a dose of 12 millirems during the first quarter of 2005, well below the regulatory limit of 5,000 millirems per calendar year.

An air drying pilot project using Pond 3 material commenced in June 2005. Additional thermoluminescent dosimeters were issued to the five contract workers. The highest external dose for the second quarter of 2005 was 15 millirems to the crew chief of the pilot plant workers. The results for the third and fourth quarters of 2005 were not available during the inspection, and total doses for 2005 will be reviewed during a future inspection.

The licensee monitored workers for internal exposures in accordance with License Condition 10 which references Section 3.5.1 of Part B to the license application. Internal occupational exposure assignments were based on portable and fixed air sample results. Lapel air samplers were assigned to selected workers to monitor breathing air samples. Fixed air samplers were located in strategic positions for general area monitoring. The highest individual results for 2004 were 159 millirems total organ dose equivalent (50,000 millirem regulatory limit) and 21 millirems total effective dose equivalent (5,000 millirem regulatory limit).

The inspectors randomly reviewed the 2005 internal dose assignments for completeness. Occasionally, sample results exceeded the licensee's gross alpha action level. These occasional exceedances were documented in Condition Reports. Investigations of action level exceedances included determination of causes, followup radiological surveys, and corrective actions to prevent recurrence. Doses were assigned to workers as necessary based on air sample results. At the time of the inspection, no sample result exceeded any regulatory limit. The final results for 2005 will be reviewed during a future inspection.

c. Special Work Permits

In accordance with Section 3.2 of Part B to the license application, the licensee had a special work permit (SWP) program in place. The SWPs were used to describe specific or special worker protection requirements for activities involving radioactive material and not covered by a procedure. The completed SWPs for September 2004-September 2005 were reviewed. The SWPs listed both radiological and non-radiological safety hazards, personnel protective equipment requirements, and monitoring requirements. The inspectors concluded that the licensee had implemented the SWP program as stipulated in the license application.

d. Radon Sampling

The license application, Part B, Section 3.5.4 specifies that radon sampling be conducted on a quarterly basis. Radon sampling was conducted at seven locations around the site. The sodium reduction building consistently exceeded the action level of 30 pCi/l because radioactive materials were being stored in this building. Sample results varied from 32.5 pCi/l during the third quarter of 2004 to 101.9 pCi/l for the second quarter of 2005. All other sample results were less than 5 pCi/l. The sample results for the third and fourth quarters of 2005 were not available during the inspection. The licensee continued to post the sodium reduction building as an airborne radiation area, and a SWP was required for entry. The building continued to be controlled by lock and key by the licensee.

e. Radiation Protection Program Reviews

License application Section 2.1.2 (Part B) specifies that a radiation safety committee be established and meet at least quarterly. The inspectors confirmed that the radiation safety committee met quarterly during the first three quarters of 2005 to discuss relevant issues, including potential trends. A review of the content and implementation of the

radiation protection program is required annually by 10 CFR 20.1101. The annual program review for 2004 was provided to the radiation safety committee during the March 2005 meeting. The program review included all program areas.

1.3 Conclusions

The licensee implemented a radiation protection program that met the requirements established in 10 CFR Part 20 and the license. Site tours confirmed that security and control of radioactive material were adequate. Occupational exposures were below regulatory limits.

2 Environmental Protection (88045)

2.1 Inspection Scope

The inspector reviewed the licensee's program to control, monitor, and quantify releases of radioactive material to the environment to determine if the program was effectively implemented per regulatory and license requirements.

2.2 Observations and Findings

The environmental and effluent monitoring program requirements are specified in Section 3.5.6 of Part B to the license application. The program consisted of liquid effluent monitoring, groundwater monitoring, and air sampling. The inspectors examined the licensee's sample results for 2004 and portions of 2005 to determine if radioactive material was being released into the environs of the site.

Plant liquid effluents were discharged from Pond 6 to the Arkansas River through Outfall 001. All other outfalls were used solely for the discharge of storm water runoff. The liquids were released in batch modes. Water samples were collected during each batch release. The fluid was sampled for gross alpha and beta concentrations. The gross alpha and beta action levels, 15 picocuries per liter and 50 picocuries per liter, respectively, were occasionally exceeded. If the action levels were exceeded, the licensee conducted a followup isotopic analysis of the sample for comparison to the individual reportability action levels. The inspectors reviewed the release records for 2005. No sample result exceeded the licensed limit for reportability to the NRC. Further, no sample result exceeded the effluent concentration limits provided in Appendix B to 10 CFR Part 20.

Air particulate samples were collected at six locations; four perimeter stations, an offsite (environmental) station located at the north property boundary, and a background station located at the western edge of the property. The air particulate samples were exchanged weekly and analyzed for gross alpha activity. The sample results for October 2004 through October 2005 were reviewed. No sample result exceeded the action level of $4.30E-14$ uCi/ml for gross alpha activity.

Groundwater monitoring consisted of sampling 19 wells and 4 sumps from the interceptor trench. The wells and sumps were sampled quarterly, and the samples were

analyzed for gross alpha and beta concentrations. The wells were also sampled on a semi-annual basis for a number of chemical constituents in accordance with a state permit. The gross alpha and beta action levels were measured and compared to administrative action levels. If the action levels are exceeded, then the licensee was required to conduct an isotopic analysis of the sample. The sample results for September 2004 through October 2005 were reviewed. Based on a random review, the inspector concluded that the licensee collected the required number of groundwater samples and analyzed the samples for the correct radiological and chemical constituents. Selected sample results exceeded the 25 percent action level for uranium isotopes, and condition reports were issued for each exceedance. For the time interval reviewed, no sample result exceeded the respective 10 CFR Part 20, Appendix B, Table II release limit.

2.3 Conclusions

The environmental and effluent monitoring programs were implemented in accordance with license requirements. All required samples were collected, and no sample result exceeded any regulatory or reporting limit.

3 Low-Level Radioactive Waste Storage (84900) and Radioactive Waste Management (88035)

3.1 Inspection Scope

The inspectors interviewed licensee representatives, toured the radioactive waste storage areas, and reviewed applicable records to determine if the licensee had established and maintained an effective radioactive waste management program.

3.2 Observations and Findings

The requirements for temporary storage of licensed material are provided in Section 3.6 of Part B to the license application and License Condition 25. The inspectors observed and toured the following onsite radioactive waste storage locations:

- There were approximately 180 55-gallon drums of contaminated concrete debris material stored at a temporary storage area located outdoors behind the thermite building. The containers were stored on pallets with a plastic cover and within a bermed concrete pad as required by License Condition 25. The plastic cover was noted to be wind damaged; however, the licensee replaced the cover with a more durable type of material during the inspection. The inspectors noted that at least two drums were experiencing degradation, but the licensee planned to repackage these drums in the near future.
- The sodium reduction building was being used as a temporary storage area. The building housed approximately 15 55-gallon drums of WIP material containing uranium and precious metal material extracted from the process equipment when the facility shut down in 2001. In addition, the building housed

super-sacks containing residue material remediated from Pond 5. The super-sacks were stored on pallets inside the building.

- The storage yard behind the Chem C building was being used to store potentially radioactive trash and debris. This potentially contaminated scrap material was being segregated and surveyed. Material measuring greater than twice the background established by the licensee was being moved to an adjacent concrete pad area.
- The licensee was collecting and storing trash from cleanup activities (personal protective equipment, gloves, respirator cartridges, etc.) in the Chem C building for eventual release or disposal.
- A stockpile of 6,700 tons of soil above the action level for soils (14.1 pCi/g uranium, 10.1 pCi/g thorium and 37 pCi/g actinium-228) was located next to the research and development building. This soil was removed during construction of the french drain system. The stockpile was covered with polyvinyl material and properly posted. Radiological surveys conducted by the inspectors using the Ludlum Model 19 survey instrument noted that the exposure rate measurements of the soil stockpile material did not exceed twice background.
- The last area toured was a temporary staging area for WIP material awaiting offsite disposal or disposition. The lined staging area contained 32 two-ton super-sacks covered in plastic sheeting.

All areas were properly posted with caution radioactive material signs or airborne radioactive material areas. In summary, the licensee was storing the waste material in accordance with license requirements.

3.3 Conclusions

The licensee had effectively implemented the license requirements related to the management of radioactive waste. All radioactive material storage areas were protected and controlled with proper radiological posting/labeling as required.

4 Onsite Construction (88001)

4.1 Inspection Scope

The purpose of this portion of the inspection was to determine by direct observation if onsite construction was being accomplished in accordance with the license application, license conditions, and construction specifications.

4.2 Observations and Findings

By letters dated July 30, 2004 and June 22, 2005, the licensee submitted its Phase 1 decommissioning supplemental work plans to the NRC. The documents provided details of Phase 1 decommissioning activities. Further, the procedures to excavate the

site soils and residues are provided in Section 8.3 of the DP. The inspectors observed the work in progress to ensure that construction activities were being conducted in accordance with commitments made in the DP and the work plans. The inspection included site tours of the work areas, review of pertinent documents, and interviews with site personnel.

The licensee estimates that approximately 18,800 tons of residues will be excavated from Ponds 2 and 3, packaged in 2-ton super-sacks, and shipped offsite for reclamation at a licensed facility. At the time of the inspection, WIP material was being excavated from the eastern end of Pond 3. The excavated material was placed on the slope of Pond 3 to pre-dry the material by allowing excess water to drain from the material.

Following bulk draining and drying, the material was removed from Pond 3 and relocated to one of two temporary processing and packaging areas (TPPAs). These areas were being used to further dry and prepare the material for bagging. The two areas (TPPA-A and TPPA-B) totaled about 2,500 ft² in size and are structurally independent from each other.

The as-built construction of the two TPPAs was compared to construction drawings. From bottom to top, the drying beds consisted of several distinct layers: native clay bottom, 60-mil plastic liner, sand layer, geotextile felt liner, 6-inch rock layer, second layer of felt, 6-inches of sand on the second felt liner, a third layer of felt liner, and finally, a layer of WIP material on top. The TPPAs were constructed in a manner to promote dewatering and drying of the WIP material.

Staging areas were used for temporary storage of the bagged material. The staging areas were located in the vicinity of the former ore storage pad. By letter dated October 7, 2005, the NRC informed the licensee that staging of bagged material was not subject to the storage requirements of License Condition 25. The licensee constructed one material staging area and was in the process of constructing two additional staging areas.

The staging areas consisted of several distinct layers: native soil foundation, a 60-mil plastic liner, and 6-inches of sand. The licensee planned to use an 11-mil cover over any bagged material located in the staging area to protect it from the elements. Also, channels were installed in the staging areas to allow rainwater to drain from the areas. During the inspection, the first staging area had been constructed and was being used to temporarily store 32 filled super-sacks.

4.3 Conclusions

The licensee had constructed the onsite material drying, staging, and processing areas in accordance with the DP, construction drawings, and work plans.

5 Decommissioning Inspection for Materials Licensees (87104)

5.1 Inspection Scope

The objective of this portion of the inspection was to determine if decommissioning activities were being conducted in a manner that was protective of the health and safety of workers and the general public.

5.2 Observations and Findings

During April 2005, the licensee selected A&M Engineering and Environmental Services, Inc. as the contractor that will conduct Phase 1 reclamation activities. The contractor began onsite mobilization of staffing and equipment. During June 2005, the licensee commenced with an air drying study to determine the optimal moisture content of the Pond 3 material for handling, bagging, and transport operations. The study concluded that 32-percent by weight was the best moisture content.

The licensee commenced with Phase I decommissioning activities on June 22, 2005, when the contractor was granted authorization to commence with material removal from Pond 3. In July 2005, the licensee began installing 5 sump pumps to pump residual water to the waste water treatment system. During September 2005, the contractor commenced with the construction of the bagging station and supporting equipment. Material bagging commenced on October 21, 2005. As part of the operational testing phase, the contractor filled 32 bags totaling about 64 tons of WIP material. Full scale operations is expected to commence in the near future after the contractor has perfected the bagging process. At the end of the inspection period, the licensee's schedule continued to show a Phase 1 completion date of March 2006.

The requirements for radiation protection during decommissioning were provided, in part, within the licensee's Radiation Health and Safety Plan, referenced in License Condition 52. The inspectors conducted a review of the licensee's proposed radiological health and safety program for handling the pond material. Based on characterization survey data collected in 1993, the average radiological contaminants ranged from 360 to 640 pCi/g of uranium-238 and 360 to 440 pCi/g of thorium-232 in Ponds 2 and 3. The radiological protection controls included use of general area air samplers, lapel air samplers, respirators, and protective clothing.

General area air samplers were installed to monitor excavation and bagging activities, activities that had the potential for creating wind-blown dust. Four air samplers were installed to monitor the work. The four samplers were located inside the bagging station, adjacent to Pond 3, inside the work zone between the TPPA and Pond 3, and south of Pond 3 in the tank farm area. Lapel air samplers were used daily, but the number issued depended on the number of people in the work zone. A review of recent air sample results indicated that some sample results were elevated; however, the workers were required to wear respirators while in this area. Internal doses were assigned to workers as appropriate. To date, the highest assigned internal dose was 26 millirems, a dose well below the 5,000 millirem annual limit.

During site tours, the inspectors observed the work zone boundaries around both Ponds 2 and 3. Pond 2, located behind the Chem C building, was covered with approximately 16-24 inches of top soil but was exposed in one area. Access to both Ponds 2 and 3 were controlled by the licensee for personnel radiological protection. The inspectors noted that the boundaries around both ponds were roped, marked, and posted on all sides.

Potentially contaminated trash from the Pond 3 work zone was being collected and stored in Chem C building. The licensee plans to radiologically survey, segregate, and dispose of this trash at some point in the future.

5.3 Conclusions

Decommissioning was being conducted in a manner that was protective of workers' radiological health and safety. The licensee had established a radiation health and safety plan that was in compliance with license requirements.

6 **Followup (92701)**

6.1 (Closed) Violation 040-07580/0401-01: Failure to Commence With Decommissioning By Date Specified in License Condition 26

A violation (VIO 040-07580/0401-01 & EA-04-188) was issued April 12, 2005 involving FMRI's failure to initiate site remediation and decommissioning activities by the start date specified in the license. License Condition 26 requires, in part, that FMRI perform remediation and decommissioning activities in accordance with the DP and correspondence referenced in that license condition. Both the May 8 and July 24, 2003, referenced correspondence stated that FMRI was prepared to take steps to accelerate the schedule for Phase 1 decommissioning with actual remediation to begin by September 1, 2004, and to be completed by March 31, 2006, taking into account considerations for preparation, scheduling, cost and weather. At the time of that inspection, remediation activities had not begun at the site. FRMI responded to the Notice of Violation by letter dated May 9, 2005.

A&M Engineering and Environmental Services (licensee's construction contractor) commenced with Phase I activities on June 22, 2005 which included construction of drying beds, bermed liners, and a bagging station. As of November 2, 2005, Phase 1 remediation was in progress at the site. FMRI was excavating material from Pond 3, drying the material, and bagging the material for offsite shipment. About 42-percent of Pond 3 had been excavated by the start of the inspection, and A&M Engineering was in the process of perfecting the bagging process. Thirty-two super-sacks had been filled with 64 tons of material and were staged for offsite disposal or disposition. Pending authorization from the State of Utah for a license amendment for IUC, no material had been shipped off-site for disposal or disposition. The first shipment to IUC is planned for January 2006 pending issuance of IUC's license amendment. Because FMRI has commenced Phase I activities, this violation is closed.

6.2 (Discussed) Violation 040-07580/0501-01: Failure to Submit Financial Information to NRC as Stipulated by License Condition 45

The inspectors also discussed VIO 040-07580/0501-01 with the licensee regarding a failure to provide an updated version of Table 15-12 by the deadline provided in the license. License Condition 45 states, in part, that FMRI shall submit updated versions of Tables 15-11 and 15-12, showing actual figures for previous periods and updated projections using current information. Although FMRI submitted a letter dated March 30, 2005 that included Table 15-11 showing expenditures and figures for previous periods, the licensee failed to include Table 15-12 which should provide a projected income using current information from Fansteel. The failure to provide the required financial information was identified as a violation of License Condition 45.

FMRI responded by letter dated August 23, 2005, and NRC determined that the response did not provide acceptable steps to achieve compliance. By letter dated September 12, 2005, the NRC requested additional documentation of actions to achieve compliance. FMRI responded to the NRC's request for additional information by letter dated October 11, 2005. This second response was still under NRC review at the end of the inspection period. This Violation remains open.

7 Exit Meeting Summary

The inspectors reviewed the scope and findings of the inspection during an exit meeting conducted at the conclusion of the onsite inspection on November 4, 2005. The licensee did not identify any documents as proprietary or any other information provided to, or reviewed by, the inspectors.

ATTACHMENT

SUPPLEMENTAL INFORMATION

PARTIAL LIST OF PERSONS CONTACTED

FMRI

Jonathan Jackson, President FMRI
Keyton Payne, Radiation Safety Officer and Plant Safety Director
James Burgess, Plant Operations Manager
George Daniels, Radiation Technician

Contractor (A&M Engineering and Environmental Services, Inc.)

Dan Baker, Site Construction Supervisor and Health Physics Supervisor
Turgay Ertugrue, Project Manager

Contractor (Penn E&R)

Ronald Doumont, Manager Radiological Services

Contractor (Civil & Environmental Consultants, Inc.)

Andrew J. Lombardo, Certified Health Physicist

INSPECTION PROCEDURES USED

IP 83822	Radiation Protection
IP 88045	Environmental Protection
IP 84900	Low-Level Radioactive Waste Storage
IP 88035	Radioactive Waste Management
IP 88001	Onsite Construction
IP 87104	Decommissioning Inspection Procedure for Materials Licensees
IP 92701	Followup

ITEMS OPENED, CLOSED AND DISCUSSED

Opened

None.

Closed

040-07580/0401-01 VIO Failure to Commence With Decommissioning By Date Specified in License Condition 26

Discussed

040-07580/0501-01 VIO Failure to Submit Financial Information to NRC as Stipulated by License Condition 45

LIST OF ACRONYMS USED

CaF ₂	calcium fluoride
CFR	Code of Federal Regulation
DP	Decommissioning Plan
ft ²	square feet
IP	Inspection Procedure
μR/hr	microRoentgens per hour
NRC	Nuclear Regulatory Commission
pCi/g	picocuries per gram
pCi/L	picocuries per liter
SWP	special work permits
TPPA	temporary processing and packaging area
VIO	violation
WIP	work-in-process