



July 6, 2006

U.S. Nuclear Regulatory Commission
ATTN: Mr. James Shepherd, Project Manager
Decommissioning Branch, Division of Waste Management
11545 Rockville Pike
Two White Flint
Rockville, Maryland 20852

via fedex 8568 9425 2952

Reference: Application for License Amendment
License SMB-911; Docket No. 40-7580

Dear Mr. Shepherd:

In accordance with Title 10, Code of Federal Regulations (CFR), Part 40, FMRI, Inc. ("FMRI") requests an amendment to Nuclear Regulatory Commission ("NRC") License No. SMB-911 for its Muskogee facility. Presently, FMRI is staging material originating in Ponds 2 and 3 which has been dried and bagged in accordance with the NRC's October 7, 2005 variance letter allowing these materials to be "...staged in the adjacent areas, until September 30, 2006, in preparation for shipment to [International Uranium Corporation (IUC)], and is not subject to the storage requirements of Condition 25 of SMB-911." This outdoor staging activity is also described in Section 3.6, Storage, Part B of SMB-911, including the direct placement (i.e., not on pallets) of containers of WIP material removed from the ponds during decommissioning activities into a covered containment area.

This amendment will modify present License Condition 25 to allow the continued outside staging of source material from decommissioning activities without pallets. The material staged without pallets will be kept in suitable containers inside a lined and covered containment area until transportation for reclamation can be completed.

The change to the license is needed for the following reasons:

- IUC, the only viable recipient of the subject material, did not receive authorization from the Utah Division of Radiation Control to receive and process the FMRI material until June 13, 2006.
- FMRI had authorized its contractor A&M Engineering and Environmental Services, Inc. (A&M) to commence transportation activities starting with the planning, coordination, testing, etc., for a first shipment of material to IUC. However, A&M subsequently informed FMRI that it considers the transportation contract to have expired. A&M

E. Jonathan Jackson, President, FMRI, Inc.
#Ten Tantalum Place, Muskogee, OK 74403
Phone 918-687-6303 / Fax 918-687-6112

provided FMRI with a revised proposal for transportation of Pond 2 and 3 material on June 14, 2006. FMRI is also seeking competitive transportation bids from other qualified contractors.

- Although FMRI anticipates beginning transportation of dried and bagged Pond 3 material to IUC within the next several months, FMRI believes, as a result of the items identified above, it will most likely be necessary to stage dried material from Ponds 2 and 3 past the September 30, 2006 deadline stipulated in NRC's October 7, 2005 letter.
- FMRI wishes to conform its current license conditions and its present agreement with the NRC regarding the temporary staging of dried material from Ponds 2 and 3 in preparation for shipment to IUC to the facts as they presently exist. As approved by the NRC, dried and bagged Pond 2 and 3 material is currently located in temporary staging areas without pallets. With regard to the dried and bagged material from Ponds 2 and 3, compliance with the current License Condition 25 would result in substantial cost increases and scheduling delays without a countervailing increase in safety. It would increase the potential for exposure of site personal and releases to the environment resulting from an additional material handling step (the staging areas would have to be opened and entered, bags lifted and un-stacked, pallets placed, bags relocated on top of pallets, and the staging areas recovered, etc.). This time, money, and effort is better directed at completing the drying, bagging, and transportation of Ponds 2 and 3 material.

Dried material from Ponds 2 and 3 is stored in accordance with Section 3.6, Storage, Part B of SMB-911. The material will continue to be stored in lined bags and placed inside a containment that is constructed of concrete or equipped with a 40 to 60-mil high density polyethylene (HDPE) liner and containment berms. Each containment area is also equipped with a collection sump and automatic pump that collect precipitation that may enter the containment and prevent prolonged storm water contact with the bagged material. Water that collects within the staging areas is routed to the site's wastewater treatment plant for treatment prior to discharge.

Staging areas that contain bags of material are presently covered with a minimum of 6-mil polyvinylchloride plastic in a manner that reduces the amount of precipitation allowed to contact the bagged material. The cover is secured in a fashion to prevent loss during high winds, but is designed to allow frequent access for removal of bags for transportation. The staging areas are monitored visually on a daily basis while bags are in storage. Any observed damage to the staging area or cover system will be repaired as soon as practicable. This will address damage that may occur as a result of severe weather.

Beginning January 16, 2007, staging areas that contain bags of material that have not been removed for transportation within three months of their placement into the staging area will be equipped with an improved cover system. This cover system will consist of 20 to 60-mil seam welded HDPE that will direct storm water outside of the staging area and prevent any storm water from coming in contact with the staged bags. This will essentially eliminate the need to collect and treat storm water although that capability will be retained. The edges of the cover system will be tied into the ground surface along the outside boundaries of the staging area (similar to the method used to cover the soil pillow currently located onsite). This will prevent

wind from getting under the cover system and causing potential damage. In addition, the cover system will also be secured with sand bags. This manner of cover has proven very effective at the site. The soil pillow has survived a tornado that touched down on the site with only minimal damage (relatively small punctures resulting from wind blown debris) that was easily repaired.

Once transportation activities begin, FMRI will begin shipping from outdoor staging areas that have contained bags the longest. However, in the event FMRI has relocated filled bags into indoor staging areas to accommodate Phase 1 decommissioning activities, some shipment of any older bags staged indoors may occur before bags in outdoor staging areas dependent on general bag conditions, weather conditions, and other project considerations.

Enclosed is a revised License Amendment Application including an executed copy of NRC Form 313, the requested amendment to License Condition 25, and the current License No. SMB-911 with the requested modification – the remainder of the license is unchanged. In addition and as described on Form 313, two executed copies of the entire completed application are also being sent to NRC Region IV in Arlington, TX.

In the event that the NRC cannot act upon this request for license amendment prior to September 30, 2006, FMRI respectfully requests an extension of the exemption to the requirements of License Condition 25 for dried and bagged Pond 2 and 3 material staged on-site in preparation for shipment to IUC (granted via NRC letter dated October 7, 2005 – Temporary Staging of Materials for Off-Site Shipment) until the NRC finally disposes of this amendment request.

Should you have any questions, please call either Keyton Payne or myself at (918) 687-6303.

Sincerely,
FMRI, INC.



E. Jonathan Jackson
President

Enclosures

cc: w/enclosures

L.D. Wert, Jr. (NRC Region IV)
B. Spitzber (NRC Region IV)
Nuclear Materials Licensing Branch (NRC Region IV) w/2 original application enclosures
Document Control 070606-01

**ATTACHMENT A
FMRI APPLICATION FOR LICENSE AMENDMENT
LICENSE SMB-911; DOCKET NO. 40-7580
JULY 6, 2006**

EXECUTED NRC FORM 313*

*Note: No changes are requested to Items 5 through 11 of NRC Form 313.

NRC FORM 313
(10-2005)
10 CFR 30, 32, 33,
34, 35, 36, 39, and 40

U.S. NUCLEAR REGULATORY COMMISSION

APPROVED BY OMB: NO. 3150-0120

EXPIRES: 10/31/2008

Estimated burden per response to comply with this mandatory collection request: 4.4 hours. Submittal of the application is necessary to determine that the applicant is qualified and that adequate procedures exist to protect the public health and safety. Send comments regarding burden estimate to the Records and FOIA/Privacy Services Branch (T-5 F53), U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by internet e-mail to infocollects@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NE-08-10202, (3150-0120), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

APPLICATION FOR MATERIAL LICENSE

INSTRUCTIONS: SEE THE APPROPRIATE LICENSE APPLICATION GUIDE FOR DETAILED INSTRUCTIONS FOR COMPLETING APPLICATION. SEND TWO COPIES OF THE ENTIRE COMPLETED APPLICATION TO THE NRC OFFICE SPECIFIED BELOW.

APPLICATION FOR DISTRIBUTION OF EXEMPT PRODUCTS FILE APPLICATIONS WITH:

DIVISION OF INDUSTRIAL AND MEDICAL NUCLEAR SAFETY
OFFICE OF NUCLEAR MATERIALS SAFETY AND SAFEGUARDS
U.S. NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555-0001

ALL OTHER PERSONS FILE APPLICATIONS AS FOLLOWS:

IF YOU ARE LOCATED IN:

ALABAMA, CONNECTICUT, DELAWARE, DISTRICT OF COLUMBIA, FLORIDA, GEORGIA, KENTUCKY, MAINE, MARYLAND, MASSACHUSETTS, MISSISSIPPI, NEW HAMPSHIRE, NEW JERSEY, NEW YORK, NORTH CAROLINA, PENNSYLVANIA, PUERTO RICO, RHODE ISLAND, SOUTH CAROLINA, TENNESSEE, VERMONT, VIRGINIA, VIRGIN ISLANDS, OR WEST VIRGINIA, SEND APPLICATIONS TO:

LICENSING ASSISTANCE TEAM
DIVISION OF NUCLEAR MATERIALS SAFETY
U.S. NUCLEAR REGULATORY COMMISSION, REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PA 19406-1415

IF YOU ARE LOCATED IN:

ILLINOIS, INDIANA, IOWA, MICHIGAN, MINNESOTA, MISSOURI, OHIO, OR WISCONSIN, SEND APPLICATIONS TO:

MATERIALS LICENSING BRANCH
U.S. NUCLEAR REGULATORY COMMISSION, REGION III
2443 WARRENVILLE ROAD, SUITE 210
LISLE, IL 60532-4352

ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, HAWAII, IDAHO, KANSAS, LOUISIANA, MONTANA, NEBRASKA, NEVADA, NEW MEXICO, NORTH DAKOTA, OKLAHOMA, OREGON, PACIFIC TRUST TERRITORIES, SOUTH DAKOTA, TEXAS, UTAH, WASHINGTON, OR WYOMING, SEND APPLICATIONS TO:

NUCLEAR MATERIALS LICENSING BRANCH
U.S. NUCLEAR REGULATORY COMMISSION, REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TX 76011-4005

PERSONS LOCATED IN AGREEMENT STATES SEND APPLICATIONS TO THE U.S. NUCLEAR REGULATORY COMMISSION ONLY IF THEY WISH TO POSSESS AND USE LICENSED MATERIAL IN STATES SUBJECT TO U.S. NUCLEAR REGULATORY COMMISSION JURISDICTIONS.

1. THIS IS AN APPLICATION FOR *(Check appropriate item)*

A. NEW LICENSE

B. AMENDMENT TO LICENSE NUMBER SMB-911

C. RENEWAL OF LICENSE NUMBER _____

2. NAME AND MAILING ADDRESS OF APPLICANT *(Include ZIP code)*

FMRI, Inc.
Number Ten Tantalum Place
Muskogee, OK 74403

3. ADDRESS WHERE LICENSED MATERIAL WILL BE USED OR POSSESSED

FMRI, Inc.
Number Ten Tantalum Place
Muskogee, OK 74403

4. NAME OF PERSON TO BE CONTACTED ABOUT THIS APPLICATION

E. Jon Jackson

TELEPHONE NUMBER

(918) 687-6303

SUBMIT ITEMS 5 THROUGH 11 ON 8-1/2 X 11" PAPER. THE TYPE AND SCOPE OF INFORMATION TO BE PROVIDED IS DESCRIBED IN THE LICENSE APPLICATION GUIDE.

5. RADIOACTIVE MATERIAL

a. Element and mass number, b. chemical and/or physical form; and c. maximum amount which will be possessed at any one time.

6. PURPOSE(S) FOR WHICH LICENSED MATERIAL WILL BE USED.

7. INDIVIDUAL(S) RESPONSIBLE FOR RADIATION SAFETY PROGRAM AND THEIR TRAINING EXPERIENCE.

8. TRAINING FOR INDIVIDUALS WORKING IN OR FREQUENTING RESTRICTED AREAS.

9. FACILITIES AND EQUIPMENT.

10. RADIATION SAFETY PROGRAM.

11. WASTE MANAGEMENT.

12. LICENSE FEES *(See 10 CFR 170 and Section 170.31)*

FEE CATEGORY 14.A AMOUNT ENCLOSED \$ 0.00

13. CERTIFICATION. *(Must be completed by applicant)* THE APPLICANT UNDERSTANDS THAT ALL STATEMENTS AND REPRESENTATIONS MADE IN THIS APPLICATION ARE BINDING UPON THE APPLICANT.

THE APPLICANT AND ANY OFFICIAL EXECUTING THIS CERTIFICATION ON BEHALF OF THE APPLICANT, NAMED IN ITEM 2, CERTIFY THAT THIS APPLICATION IS PREPARED IN CONFORMITY WITH TITLE 10, CODE OF FEDERAL REGULATIONS, PARTS 30, 32, 33, 34, 35, 36, 39, AND 40, AND THAT ALL INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF.

WARNING: 18 U.S.C. SECTION 1001 ACT OF JUNE 25, 1948 62 STAT. 749 MAKES IT A CRIMINAL OFFENSE TO MAKE A WILLFULLY FALSE STATEMENT OR REPRESENTATION TO ANY DEPARTMENT OR AGENCY OF THE UNITED STATES AS TO ANY MATTER WITHIN ITS JURISDICTION.

CERTIFYING OFFICER - TYPED/PRINTED NAME AND TITLE

E. Jonathan Jackson, President/CEO

SIGNATURE

E. Jonathan Jackson

DATE

07/06/2006

FOR NRC USE ONLY

TYPE OF FEE	FEE LOG	FEE CATEGORY	AMOUNT RECEIVED	CHECK NUMBER	COMMENTS
			\$		
APPROVED BY				DATE	

**ATTACHMENT B
FMRI APPLICATION FOR LICENSE AMENDMENT
LICENSE SMB-911; DOCKET NO. 40-7580
JULY 6, 2006**

REQUESTED CHANGE TO LICENSE CONDITION 25

Revised License Condition 25

All source material stored outside of the process buildings at the Fansteel facility (other than materials contained in the ponds, pond materials that have been packaged to await transportation off-site in accordance with the Decommissioning Plan, and as contaminants in soils and sediments) 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.

Pond materials that have been packaged to await transportation off-site in accordance with the Decommissioning Plan are that are staged outdoors shall be managed in the following manner:

- a. Dried material from Ponds shall be staged in accordance with Section 3.6 Storage, Part B of SMB-911. The material shall be staged in appropriate containers and placed inside a containment that is constructed with concrete or equipped with a 40 to 60-mil high density polyethylene (HDPE) liner and containment berms. Each containment area shall be constructed in a manner that allows storm water to drain or shall be equipped with a collection sump and pump that collect precipitation that may enter the containment and prevent prolonged storm water contact with the containerized material. Water that has come in contact with containers and drains from or collects within the staging areas shall be routed to the site's wastewater treatment plant for treatment prior to discharge. The use of raised pallets in these outdoor staging areas is not necessary.
- b. Staging areas with containers of material shall be covered with a minimum of 6-mil polyvinylchloride plastic in a manner that reduces the amount of precipitation allowed to contact the containers. The cover shall be secured in a fashion to prevent loss during high winds, but shall allow for frequent access to permit removal of containers for transportation. The staging areas shall be monitored visually on a daily basis while containers are in storage. Any observed damage to the staging area or cover system shall be repaired as soon as practicable.
- c. Beginning January 16, 2007, staging areas with containers of material that have not been removed for transportation within three months of their placement into the staging area shall be equipped with an improved cover system. This cover system shall consist of 20 to 60-mil seam welded HDPE that will direct storm water outside of the staging area and prevent any storm water from coming in contact with the staged containers. The edges of the cover system shall be tied into the ground surface along the outside boundaries of the staging area. In addition, the cover system will also be secured with sand bags.

**ATTACHMENT C
FMRI APPLICATION FOR LICENSE AMENDMENT
LICENSE SMB-911; DOCKET NO. 40-7580
JULY 6, 2006**

CURRENT LICENSE SMB-911 WITH CHANGES SHOWN

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number
SMB-911

Docket or Reference Number
40-7580

Amendment No. 12

All source material stored outside of the process buildings at the Fansteel facility (other than materials contained in the ponds, pond materials that have been packaged to await transportation off-site in accordance with the Decommissioning Plan, and as contaminants in soils and sediments) 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.

Pond materials that have been packaged to await transportation off-site in accordance with the Decommissioning Plan are that are staged outdoors shall be managed in the following manner:

- a. Dried material from Ponds shall be staged in accordance with Section 3.6 Storage, Part B of SMB-911. The material shall be staged in appropriate containers and placed inside a containment that is constructed with concrete or equipped with a 40 to 60-mil high density polyethylene (HDPE) liner and containment berms. Each containment area shall be constructed in a manner that allows storm water to drain or shall be equipped with a collection sump and pump that collect precipitation that may enter the containment and prevent prolonged storm water contact with the containerized material. Water that has come in contact with containers and drains from or collects within the staging areas shall be routed to the site's wastewater treatment plant for treatment prior to discharge. The use of raised pallets in these outdoor staging areas is not necessary.
- b. Staging areas with containers of material shall be covered with a minimum of 6-mil polyvinylchloride plastic in a manner that reduces the amount of precipitation allowed to contact the containers. The cover shall be secured in a fashion to prevent loss during high winds, but shall allow for frequent access to permit removal of containers for transportation. The staging areas shall be monitored visually on a daily basis while containers are in storage. Any observed damage to the staging area or cover system shall be repaired as soon as practicable.
- c. Beginning January 16, 2007, staging areas with containers of material that have not been removed for transportation within three months of their placement into the staging area shall be equipped with an improved cover system. This cover system shall consist of 20 to 60-mil seam welded HDPE that will direct storm water outside of the staging area and prevent any storm water from coming in contact with the staged containers. The edges of the cover system shall be tied into the ground surface along the outside boundaries of the staging area. In addition, the cover system will also be secured with sand bags.

INSERT

25. All source material stored outside of the process buildings at the Fansteel facility (other than materials contained in the ponds and as contaminants in soils and sediments) 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.
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 January 24, 2003, and supplemented by letters dated May 8, and July 24, 2003 (re: DP).
27. Deleted by Amendment 11, dated December 4, 2003.
28. Deleted by Amendment 11, dated December 4, 2003.
29. In accordance with provisions of 10 CFR 40.42(g)(4)(i) Licensee shall, not later than May 31, 2004, provide a physical description - dimensions, types of liners, etc. - of Pond 1, Pond 1S and 1N, and Pond 4, the time during which each [of] the ponds were used, what process-related materials and how much was placed in each of the ponds, and how and where those materials were disposed when the ponds were closed.