



December 14, 2006

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

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

Dear Mr. Shepherd:

On March 30, 2006, FMRI Inc. ("FMRI") informed the U.S. Nuclear Regulatory Commission ("NRC") that if Phase 1 of the decommissioning of FMRI's Muskogee, Oklahoma site related to the remediation of WIP in Ponds 2 and 3 would not be completed by December 31, 2006, it would notify the NRC. This letter fulfills that commitment.

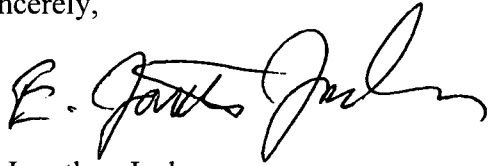
Completion of Phase 1 is defined by the physical remediation of Ponds 2 and 3 and the completion of shipment of all WIP offsite for processing. As the NRC is aware, physical remediation of Pond 3 has proceeded more slowly than anticipated due to a number of reasons. Pond 2 remediation has not yet begun. Presently FMRI is in a contractual dispute with its Phase 1 remediation contractor that has further slowed progress. As you are also aware, shipment of WIP material to an off-site processor has already commenced. However, receipt of an amendment to the processor's state license necessary to utilize the WIP material was delayed well beyond initial expectations. The combination of the issues discussed above and other factors make it impossible to meet the December 31, 2006 date for completion of Phase 1.

In accordance with License Condition 42, an updated Table 8.3 will be submitted no later than January 15, 2007 to reflect the most up-to-date schedule information. The schedule for initiation and completion of subsequent phases could also correspondingly slip dependent on the delay and cost in completion of Phase 1. The revised Fansteel financial projections and projected payments to FMRI in accordance

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with its notes discussed in my letter to you of December 4, 2006 could also affect completion of Phase I and funding of subsequent phases, but would not affect environmental and safety controls at the site.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Jonathan Jackson". The signature is fluid and cursive, with a large initial "E" and a long, sweeping tail.

E. Jonathan Jackson
President, FMRI

cc: Blair Spitzberg, Region IV
Keyton Payne, FMRI
File (NRC-121406-01)