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August 31, 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 overnight delivery*

Reference: Application for License Amendment – Condition 25, July 6, 2006  
License SMB-911; Docket No. 40-7580

Dear Mr. Shepherd:

On August 22, 2006, I received a copy of your letter dated August 4, 2006 acknowledging your receipt and the commencement of the technical review of the subject license amendment request regarding the storage requirements for staging material originating in Ponds 2 and 3. The subject request discussed FMRI's intentions to improve the covering of the staging areas after January 16, 2007 for any remaining bags that were placed in these areas for more than 3 months. One element of the application requires modification based on recent FMRI operating experience at the site.

As you know, FMRI has just recently relocated about 650 2-ton bags of WIP material from Staging Area 2a to accommodate Phase 1 construction activities. This material was the first material to be bagged and was originally bagged in the period of October to December 2005. Previous to these recent relocation activities, no other movement of bagged material placed in the outdoor staging areas had occurred. The information relevant to this request that was gained from this recent bag relocation project was that the bags stored for this length of time with the present cover system had remained intact in the staging areas and could be moved without incident. During this 2-week relocation effort, one or more straps broke in about 10 percent of the moved bags and in less than 1 percent of the moved bags the outer fabric of the bag tore (i.e., but not the inner liner). These bags could still be safely moved into the buildings in an intact manner for continued storage after fashioning an improved strap system and/or overpacking and placing on pallets.

FMRI is also progressing in its effort to procure a contract for transporting the bagged material to IUC for reclaiming. Barring any unforeseen delays, these shipments could start in October. While the shipping schedule is not yet set, shipment of the WIP material may possibly continue through mid-2007.

Based on the experience gained from observing the good condition of the bagged material, the ease of relocation, and factoring in the apparent transportation schedule possibilities, FMRI respectfully requests that the July 6, 2006 license amendment request be modified to use a date of July 1, 2007 for completion of improvements in the staging area covering systems instead of January 16, 2007. This request is reinforced by the high cost of modifying the cover system based on bids received subsequent to the filing of the original amendment request and would enable FMRI to focus its resources on necessary decommissioning activities.

Therefore, FMRI is proposing that beginning July 1, 2007 (instead of January 16, 2007 as originally requested in the July 6, 2006 license amendment request), staging areas that contain bags of material that have not been removed for transportation within three months of their placement into the staging area would be equipped with the improved cover system as described in our July 6, 2006 amendment request. For your clarification, Attachment A provides a markup of the modified language for License Condition 25 that what was originally proposed in the July 6, 2006 amendment request showing this change in date.

FMRI believes that extending this date to July 1, 2007 will not adversely impact site conditions (based on our recent experience with relocating these bags as discussed above) and will avoid unnecessary expensive staging area modifications based on our shipping expectations. This cost saving could then be used for other decommissioning purposes.

Finally, your acknowledgement letter states that the staff expects to complete its technical review by October 16, 2006 (if no request for additional information is needed). Given this review schedule and the new information provided here, FMRI still requests that NRC extend the exemption to the requirements of License Condition 25 for temporary on-site staging of WIP materials in preparation for shipment to IUC (granted via NRC letter dated October 7, 2005 with a variance through September 30, 2006) until the NRC finally disposes of this amendment request.

I appreciate your consideration of this additional information and slight modification to the license amendment request based on the experience gained from the relocation of certain bagged material.

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: L.D. Wert, Jr. (NRC Region IV)  
B. Spitzber (NRC Region IV)  
Nuclear Materials Licensing Branch (NRC Region IV)  
Keyton Payne (FMRI)  
Document Control 083106-01

## ATTACHMENT A

### Modification (08/31/06) to 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~~ July 1, 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.