NUCLEAR METALS, INC.

22 December 1995

United States Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406

Attention: Ms. Marie Miller,
Senior Health Physicist
Site Decommissioning Section,
Division of Radiation Safety, and Safeguards.

Reference: License Nos. SMB-179, SUB-1452
Docket Nos. 040-00672, 040-08866

Attachments: Letter from NMI to NRC Region I, dated 15 Aug 95, including a Partial Exemption Request from 10.CFR40.36.
Copy of FAX letter from ACI to NMI dated 22 Dec 95

Subject: Request for Extension for Filing Revised Decommissioning Cost Estimate

Dear Ms. Miller:

This mailing is intended to act as a formal request for extension, delaying the anticipated delivery date for NMI's revised Cost Estimate for decommissioning from 31 December 1995 to 31 January 1996.

As part of the scope of investigation supporting development of a revised cost estimate, our contractor (unexpectedly) identified a couple of significant issues that require resolution before a reasonable/realistic estimate of the revised decommissioning costs could be completed. As mentioned in our telephone conversation yesterday (Thursday, 21 Dec 95), the principal factor centers around recent changes in pricing for licensed disposal of LLRW at the Envirocare facility in Utah. Pricing at this facility has been a function of volume, so while NMI's current routine unit disposal cost has increased, reflecting a robust volume reduction program for current production year LLRW, any change to future projected contract disposal costs, based on significantly increased volumes, is not readily quantified. Our consultant has documented the reduction in equipment and machinery at NMI needing decontamination and decommissioning and we will provide this information with our revision to the cost estimate for the facility.

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2229 Main Street, Concord, Massachusetts 01742 (508) 369-5410

As we have been working on our re-estimate of facility D&D costs we have been encouraged by recent Army activity regarding our PL 87 8408 request made in September. The Army has been actively reviewing our plans for the holding basin remediation. Our request for funding of the basin remedial activities is currently undergoing audit by the Defense Contractor Audit Agency We expect a response from Picatinny Arsenal on their recommendation in January.

Additionally, our contractor is going through an unforseen change in office location (see the letter attached from ACI).

These factors have made it impractical to provide the revised cost estimate supporting the request for partial exemption referenced above by the end of this year.

NMI appreciates your assistance and consideration in this matter. if you have any questions or comments, please direct them to the undersigned.

Sincerely,

Eric B. Andersen
Senior Health Physicist

cc: FJV