



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
101 ARMY PENTAGON
WASHINGTON DC 20310-0103

November 13, 1996

REPLY TO
ATTENTION OF

Mr. Charles W. Hehl
Director, Division of Nuclear Materials and Safety
Region 1, Nuclear Regulatory Commission
475 Allendale Road
King of Prussia, Pennsylvania 19406-1415

Dear Mr. Hehl:

I have received copies of the correspondence from Mr. K. Kolis to you and Ms. M. Miller addressing decontamination and decommissioning (D&D) of private corporate facilities producing depleted uranium (DU) ammunition components. The July 26, 1996 letter was in error. The September 30, 1996 recision of this earlier letter was incomplete by not providing more definition of the issues. Please let me clarify some points.

A major mission of Mr. Kolis, and his office, is to be an environmental advocate for all aspects of the ammunition production base. In this capacity he would propose programs to improve the ammunition production base. Such proposals could include specific D&D project efforts and their associated funding requirements. These proposals would require appropriate Army staffing, forwarding through several Army Commands, prior to being considered for final Army approval.

The Army position on D&D of private corporate facilities is that these activities are the sole financial responsibility of the corporation.

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The recent action on behalf of Nuclear Metals Inc. (NMI) by the Army Contract Adjustment Board was conducted under Public Law 85-804, Extraordinary Contract Relief. As such, it constitutes an exception to Army policy, was not precedent setting and should not be regarded in any way as guaranteeing future financial assistance. Two specific limits in this decision are:

1. One limits the Army and Department of Defense upper liability to \$4,549,785 with authority to negotiate downward.
2. Another reaffirms our resolve to only pay for D&D operations as a cost of a specific contract.

The Army does not have any plan to pay for future clean-up of the NMI facility. As the appropriation manager, any such plan would have to be approved by me after appropriate Army staffing.

I hope this explanation puts things into proper perspective for you and I regret that we let this get a little off track. Please let me know if you need further information.

Sincerely,



JOSEPH W. ARBUCKLE
Brigadier General, U.S. Army
Deputy for Ammunition