

FMRI, INC.  
MUSKOGEE SITE

MEETING WITH NRC

January 9, 2008

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EOIA: ~~2007-0488~~

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# Agenda

- Muskogee Site and Decommissioning History
- Emergence from Bankruptcy
- Concept for Decommissioning
- Decommissioning Funding
- Payment of Primary Note
- Status of Decommissioning
- NRC Agenda Items
- Summary

# The Muskogee Site

- Located in an industrial area near Muskogee, Oklahoma by Arkansas River
- From 1958 to 1989 processed slag and ore to remove tantalum and columbium
- Atomic Energy Commission license issued to Fansteel Inc. in 1967 because of presence of uranium and thorium

# Efforts at Decommissioning

- Remedial Assessment report submitted in December 1993
- Decommissioning Plan originally submitted in June 1994 and revised a number of times thereafter
- 35 acres on northwestern part of site were released for unrestricted use in 1999

# Efforts at Decommissioning (cont.)

- Proposal to reprocess the WIP and CaF as commercial venture
  - Reprocessing facility was constructed and tested from 1999 through 2001.
- Onsite cell proposed for contaminated soils
- Interceptor trench to collect all groundwater on-site before potentially entering Arkansas River was installed and began operation in 1999

# Fansteel Bankruptcy

- Reprocessing the WIP and CaF determined not to be commercially viable when price of expected products fell
- Fansteel declared bankruptcy in January 2002

# Background

- Decommissioning Plan (DP) approved December 2003 (effective with pending bankruptcy proceedings)
- Reorganized Fansteel Inc. emerged from bankruptcy in January 2004
  - Financial responsibilities for Muskogee fixed by Bankruptcy Court and NRC
- Muskogee license transferred to newly created subsidiary, FMRI, Inc.
  - As licensee, responsible for decommissioning site

# Concept for Decommissioning

- Decommissioning in phases
  - Phase 1 (2004 – 2006): WIP (in progress)
    - Material excavated, dried, staged, and shipped to IUC (now Denison Mines) for processing
  - Phase 2 (2007 - 2011): CaF
  - Phase 3 (2007 – 2011): Building and Soils and additional characterization
  - Phase 4 (through 2023): Groundwater monitoring and/or treatment



# Concept for Decommissioning (cont.)

- Ongoing activities to maintain health and safety
  - Management, Health Physics, and Security
  - Operation of site interceptor trench for groundwater collection and treatment
  - Radiation Safety Program

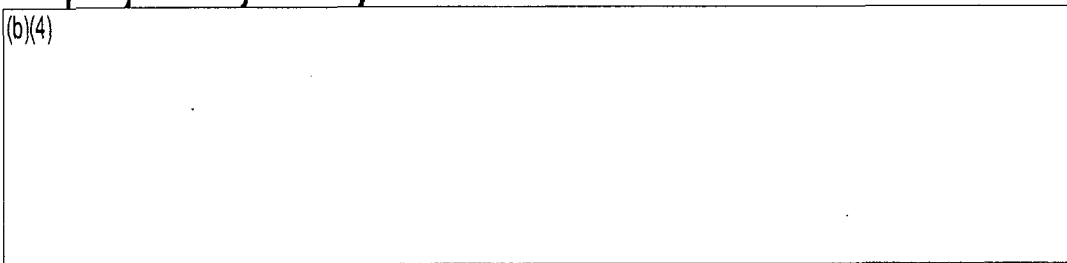
# Decommissioning Funding

- Primary FMRI Note (\$30,600,000.00)
  - Term 2004-2013
- Secondary FMRI Note (\$4,200,000.00)
  - Term 2009-2023
- Contingent FMRI Note (amount to be determined after completion of Phase 2)

# Decommissioning Funding (cont.)

- Decommissioning Trust Fund (originally \$4,600,000)

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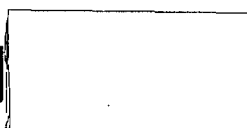


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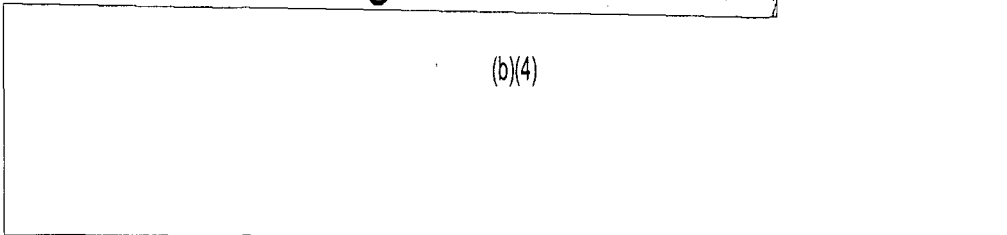
- Ability to draw based on WIP material shipped and accepted by Denison Mines

## – Repayment of Decommissioning Trust

- Prepayment of notes
- Cash on hand greater than needed



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# Payment of Primary Note

- Minimum mandatory payments to date (\$5,600,000 through end of 2007)
- Insurance Proceeds

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## Payment of Primary Note (cont.)

- Fansteel Assets Sales
  - No proceeds to date
- No payments to date based on excess available cash
- Balloon payment on December 31, 2013 for remaining balance

# Status of WIP Decommissioning

- Pond 3 is being remediated
  - 9,300 tons of WIP shipped for reclamation to date
  - all Pond 3 WIP material scheduled to be shipped offsite to Denison Mines in May 2008
- WIP remediation now being conducted by FMRI as the contractor with assistance of excavation and transportation subcontractors

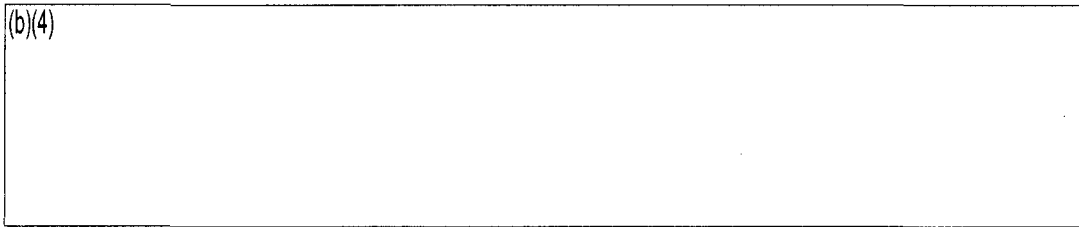
# Status of WIP Decommissioning (cont.)

- Delays in schedule to date due to a number of issues
- Pond 2 scheduled to start in 2010 and completed in 2012 when funds are projected to allow completion of Pond work

# Status of WIP Decommissioning (cont.)

- Estimated cost for Phase 1

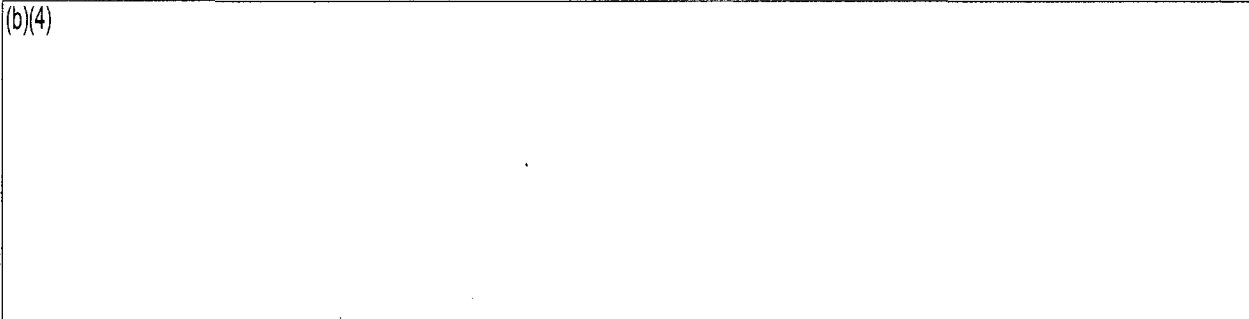
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Ex. 4

- Estimated cost in original DP was:

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# Status of WIP Decommissioning (cont.)

- Increases due to:
  - Higher construction, transportation and reclamation costs
  - Inefficient WIP excavation
  - WIP moisture content of 32% versus 20%
  - On-site staging of bagged WIP material

# Effect of Funding on Decommissioning Schedule

- Original Fansteel projections
  - Had predicted payments to FMRI based on both minimum payments and excess available cash
  - All work projected to be completed by 2013 (with exception of groundwater treatment and monitoring)
  - No downtime (Phase 1→ Phase 2→ Phase 3)
  - Work had been scheduled in accordance with Cash Flow on original DP Table 15.12

# Effect of Funding on Decommissioning Schedule (cont.)

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EX. 4

# Effect of Funding on Decommissioning Schedule (cont.)

- FMRI revised DP Table 15.12 to reflect Fansteel input
- Schedule (DP Figure 8.3) revised to conform to cash projected to be received
- Cost savings will be necessary on remaining remediation to meet projected budget

# NRC Agenda Items

- Itemized 2007 Expenses
- Projected 2008 Expenses (through Completion of Phase 1 - Pond 3)
- Projected Cash Flow Through Completion of Phase 1 - Pond 2
- Projected Cash Flow through Completion of Decommissioning

# Summary

- FMRI is committed to maintaining environmental and safety controls
- Financial considerations impact decommissioning schedule
- Decommissioning proceeding considering available financial resources
- A number of uncertainties and unknowns
- FMRI will continue to keep the NRC informed as to status of decommissioning and financial issues