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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)	
)	
SEQUOYAH FUELS CORPORATION)	Docket No. 40-8027-EA
GENERAL ATOMICS)	
)	Source Material License
(Gore, Oklahoma Site)	No. SUB-1010
Decontamination and)	
Decommissioning Funding))	
)	

NRC STAFF'S AND GENERAL ATOMICS'
JOINT STATUS REPORT REGARDING SETTLEMENT
DISCUSSIONS AND MOTION FOR MODIFICATION OF SCHEDULE

In connection with the ongoing settlement discussions taking place between the NRC Staff (Staff) and General Atomics (GA), the Atomic Safety and Licensing Board (Board) issued its Memorandum and Order (Granting Additional Stay of Discovery) (Dec. 8, 1995) (Order), suspending all discovery activities in this proceeding through March 8, 1996. Order at 17. The Order also directed the Staff and GA to file on or before January 22, 1996, a joint status report regarding settlement discussions, addressing four "significant progress" concepts set forth on page nine of the Board's November 13, 1995 Memorandum and Order (Extending Discovery Stay Pending Submission of Additional Settlement Status Information). *Id.* The Staff and GA hereby jointly file this status report. In addition, because of the shutdown of the government due to the recent blizzard and its impact on the progress of the Staff's internal deliberations, as well as other

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matters which have required expedited treatment and a temporary shift in the Staff's resources, the Staff hereby moves for a two week delay in the remaining schedule set by the Board in its Order.

DISCUSSION

I. Status Report

The four "significant progress" concepts from the Board's November 13, 1995 Memorandum and Order to be addressed are as follows: (1) that in addition to litigation counsel, senior management and policy staff for both GA and the Staff are involved in developing respective internal strategy as well as negotiations, as appropriate; (2) that the parties have identified the type and number of major issues in dispute; (3) that there is a schedule for internal strategy meetings as well as negotiation sessions on a regular basis that will ensure resolution of the issues in an orderly manner; and (4) that there is a reasonable estimate of time that negotiations will take.

A. Involvement of Senior Management

(Statement by NRC Staff:)¹ Senior management of the Staff continues to be involved in internal deliberations on settlement strategy. Staff from the relevant project manager through the branch chief have considered settlement issues on the most frequent basis, and may at times consult with litigation counsel as often as daily. The relevant Staff division director has been fully apprised of all significant settlement issues as they arise and require resolution, and continues to coordinate periodic discussions with other divisions

¹ Since each party is not privy to the other's internal deliberations, separate statements are provided herein where appropriate.

of the NRC that may be impacted indirectly by any settlement with GA. The Director of the Office of Nuclear Material Safety and Safeguards will continue to be briefed and consulted, as he has been thus far, when the Staff determines that major strategy decisions must be made; the next such meeting with the Director, originally scheduled for this week, is now tentatively scheduled for February 5, 1996. Finally, the Executive Director for Operations (and relevant Deputy Executive Director) will continue to be briefed and consulted whenever the Staff seeks to establish certain "bottom line" positions for negotiations. The next meeting with the Executive Director for Operations, which earlier had been scheduled for the next week, is now tentatively scheduled for February 9, 1996. The Staff continues to give settlement matters one of the highest priorities among the numerous tasks it faces.²

(Statement by GA:) The most senior officials of GA are involved in internal company deliberations related directly to the settlement negotiations on a continuing basis. These officials include the Company's Chairman, its Senior Vice President/Chief Financial Officer, its Senior Vice President for Administration, and its Vice President and General Counsel. In addition, other company employees have been involved in the internal deliberations from time to time. Senior company officials also consult with the Company's litigation counsel on a regular and continuing basis, usually several times each week. The settlement negotiations continue to be a high priority of the Company.

² As will be discussed *infra*, other matters relating to the Sequoyah Fuels Gore site have required the attention of the same Staff personnel who are working on the possible settlement with GA. Therefore, internal Staff deliberations and analysis regarding settlement issues has necessarily been impeded to some degree.

B. Type and Number of Major Issues in Dispute

The parties have agreed that there are presently four major issues that have been identified which are still under consideration. One other fundamental issue has been resolved between the parties. Negotiations will now be focused on the specific details of these issues, and on drafting the appropriate language in a settlement document.

C. Schedules for Internal Deliberations and Negotiation Sessions

(Statement by NRC Staff:) The Staff's schedule for internal deliberations is fundamentally based on the premise of accomplishing as much as possible as soon as practicable. As the Staff has discussed in detail in previous filings with the Board, the Staff is taking into consideration any indirect impact a settlement regarding the Gore, Oklahoma site may have on facilities in San Diego and elsewhere for which GA has uncontested decommissioning obligations, even though the decommissioning of those latter facilities is outside the scope of this proceeding and not subject to the jurisdiction of this Board. This consideration necessarily has caused the internal deliberation process to be more extensive than would otherwise be the case if GA held no NRC licenses. *See* NRC Staff's Additional Information in Support of Stay of Proceedings (Nov. 27, 1995) (Staff Additional Information) at 2-5. Meetings continue to be scheduled on a regular basis to analyze technical information regarding the decommissioning of all relevant sites, and to analyze financial information to enable the Staff to assess the best use of available funds for decommissioning. As discussed more fully below, the recent blizzard which essentially shut down the government during the week of January 8 has had a significant impact on the Staff's schedule that it had set for internal meetings and briefings. Prior to the

shutdown, the Staff had planned to have completed certain critical internal deliberations by the end of this month; mid-February now appears to be a more realistic date.

With respect to a schedule for negotiating sessions between the parties, the Staff and GA jointly state that their respective litigation counsel have continued to have frequent (at least weekly) discussions. The next scheduled meetings between the Staff and senior officials of GA are to take place on January 24, 1996 (by telephone conference) to discuss a particular issue raised by the Staff, and on January 30, 1996, which will be a face-to-face negotiating session.

D. Completion of Negotiations

At this time, the Staff and GA estimate that they will be in a position sometime in March to be able to determine whether there will or will not be a settlement. The parties would anticipate that within a month after such time the final details could be drafted if there is agreement on the fundamental concepts at issue. Making appropriate allowances for unforeseen delays due to the government shutdown, this schedule is still in line with the earlier estimates provided by the parties. See Staff Additional Information at 6; Supplemental Status Report on Settlement Negotiations and Motion for Extension of Stay of Discovery Beyond December 8, 1995 (Nov. 27, 1995) at 5.

II. Staff's Motion for Modification of the Board's December 8, 1995 Schedule

Following the issuance of the Board's Order on December 8, 1995, the Staff had established an internal schedule by which it planned to complete its internal deliberations on the outstanding settlement issues by the fourth week in January 1996. After such time, the Staff anticipated being in a position to undertake final negotiations with GA. This

schedule was based on the completion of certain tasks and analyses by dates certain, which would provide the basis for successive meetings and briefing up through the highest Staff levels. Two events have had a significant impact on this schedule.

The first is the government shutdown caused by the recent blizzard. Under the Staff's original schedule, certain meetings and tasks were to have been completed during that week. The completion of these items were necessary for subsequent meetings and briefings to be meaningful. Obviously, the events scheduled for the week of the blizzard needed to be rescheduled; however, because of the Staff's other unrelated schedules, appointments, and responsibilities, it has not been possible to simply move the Staff's internal settlement schedule back by one week.

The second is the increased attention that has been required to be given to the Sequoyah Fuels Corporation Subpart L proceeding, Docket No. 40-8027-MLA-3. The Staff personnel working on the pending GA settlement issues are the same personnel that must be involved in the review of Sequoyah Fuels Corporation's amendment request on organizational changes. In response to inquiries from the Presiding Officer in the MLA-3 proceeding, the Staff has shifted substantial resources from the instant proceeding to the MLA-3 proceeding for the remainder of this month.

In light of the above events, the Staff respectfully requests that the schedule set forth on pages 17-18 of the Board's December 8, 1995 Order be delayed in its entirety by two weeks. Given that the Staff has lost time to adequately address the critical issues it needs to resolve internally regarding the possible settlement with GA, which in turn has impacted the timing of the Staff's ability to negotiate all of the details of the major issues

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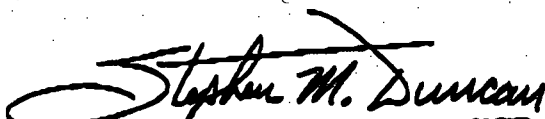
that have been identified, a two week delay would allow the Staff (and GA) to be in a better position to be able to determine by the next deadline whether any additional stay would be warranted.

The Staff has consulted with counsel for GA and counsel for the Cherokee Nation, and has been informed that they do not oppose this motion. Counsel for Native Americans for a Clean Environment (NACE) was also contacted, but at the time this pleading was in final typing, Ms. Curran had not yet provided the views of NACE.


CONCLUSION

In consideration of the foregoing, the Staff respectfully requests that this motion be granted.

Respectfully submitted,


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ATTORNEYS FOR GENERAL ATOMICS

Dated at Rockville, Maryland
this 22nd day of January 1996

UNITED STATES OF AMERICA DOCKETED
NUCLEAR REGULATORY COMMISSIONUSNRC

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

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In the Matter of)	
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SEQUOYAH FUELS CORPORATION)	OFFICE OF SECRETARY
GENERAL ATOMICS)	DOCKETING & SERVICE
)	BRANCH
)	
)	Source Material License
(Gore, Oklahoma Site)	No. SUB-1010
Decontamination and)	
Decommissioning Funding))	

CERTIFICATE OF SERVICE

I hereby certify that copies of "NRC STAFF'S AND GENERAL ATOMICS' JOINT STATUS REPORT REGARDING SETTLEMENT DISCUSSIONS AND MOTION FOR MODIFICATION OF SCHEDULE" in the above-captioned matter have been served on the following by deposit in the United States mail, first class; or as indicated by single asterisk through deposit in the Nuclear Regulatory Commission's internal mail system; or as indicated by double asterisk via facsimile transmission; or as indicated by triple asterisk by hand delivery this 22nd day of January 1996.

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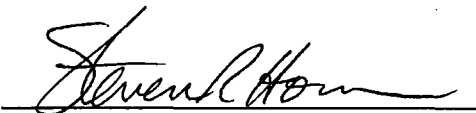
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