February 18, 2016

Ms. Jeanette Amstutz
NorStates Wealth Management
Trust and Operations Administrator
5384 Grand Avenue
Gurnee, IL 60031

SUBJECT: DISBURSEMENT OF FUNDS FROM FMRI's DECOMMISSIONING TRUST PURSUANT TO 12-MONTH FORBEARANCE AGREEMENT

Dear Ms. Amstutz:

The U.S. Nuclear Regulatory Commission (NRC), the U.S. Department of Justice (DOJ), and the Oklahoma Department of Environmental Quality (ODEQ) have entered into a 12-Month Forbearance Agreement with Fansteel and FMRI. A specific condition of that Agreement, Condition 5.G, commits the NRC to utilizing funds from the Decommissioning Trust to pay for the shipment and disposal costs for the Work In Progress (WIP) material that was bagged prior to June 1, 2015.

Condition 5.G states the following (Trust-related sections highlighted):

> All WIP material stored in buildings on the Muskogee site as of June 1, 2015, shall be shipped to White Mesa with shipments to be completed by February 29, 2016. As of June 1, 2015, this is estimated to be in the amount of approximately 1,000 bags or 1,500 tons. The transportation and disposal costs associated with the disposition of this material will be allocated from the Decommissioning Trust to the approximate amount of $628,000 ("the Trust Funds"). Payments will be made upon a showing to the NRC's reasonable satisfaction that FMRI has fully complied with shipping requirements of past Forbearance Agreements. If FMRI is unable to do so, the amount available from the Decommissioning Trust Fund shall be reduced by the tonnage of the arrearage times, the per ton transportation, and disposal cost. If circumstances beyond FMRI's control require adjustment of the February 29, 2016, completion date, FMRI shall notify the DOJ, NRC, and ODEQ in writing of such circumstances prior to the completion date. On or before February 29, 2016, FMRI shall begin shipment of the WIP material that will have been excavated after June 1, 2015 (the "Newly Excavated WIP Material"). Between February and July 2016, FMRI shall ship the Newly Excavated WIP Material at the rate specified in the 5.C Work Plans, making at least three shipments of 11 intermodals each. On or before February 29, 2016, and for each shipment thereafter, FMRI shall deposit $91,300 in the Decommissioning Trust to provide for the expense of transporting and disposing one shipment of 11 intermodals. The NRC shall make these funds available for payment of shipping and disposal costs when shipment and disposal have been completed. If, for any of these shipments and disposals, the $91,300 amount is insufficient to cover the actual cost due to variations in shipment and disposal

weight, it will be the responsibility of FMRI to pay the difference. If the $91,300 proves to be in excess of the actual costs due to variations in shipment and disposal weights, then the excess may be refunded to FMRI or utilized to offset future deficiencies. If the 5.C Work Plans require FMRI to lease additional intermodals, additional funding from the Trust Fund will be provided at the rate of $550 per intermodal.

In order for the funds to be released from the Decommissioning Trust, FMRI is to provide the NRC the following information:

Letter addressed as follows:

ATTN: Document Control Desk
Director, Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission (NRC)
11555 Rockville Pike
Rockville, MD 20852

With cc's to:

Christina England, NRC/GCLR/RMR
Gregory Chapman, NRC/NMSS/DUWP/MDB
Pam Dizikes, Oklahoma Department of Environmental Quality
Jeanette Amstutz, Norstates Wealth Management
Richard Gladstein, U.S. Department of Justice

The request for payment should include the following:

- a copy of the invoice associated with the payment request;
- the name, address, telephone number, email address and the contact person for the entity that would receive payment;
- the preferred method of payment by the entity receiving payment, (i.e., electronic bank transfer or check); and
- certification by a Fansteel or FMRI company officer that the payment is for WIP material that was bagged prior to June 1, 2015.

The requested payment will be remitted directly to the billing entity from the Decommissioning Trust.

Upon the NRC's confirmation of the accuracy of the information and the appropriateness of the billing, the NRC will issue you instructions in accordance with the following condition of the FMRI Decommissioning Trust Agreement, dated November 18, 2003:

In addition, the Trustee shall make payments from the Fund, as the NRC shall direct, in writing, to provide for payment of the costs of required activities covered

by this Agreement. The Trustee shall make payments to the Grantor or other persons as specified by the NRC from the Fund for expenditures for required activities in such amounts as the NRC shall direct in writing.

For each qualified payment request from FMRI associated with Condition 5.G, you will receive a letter of instruction from the NRC. Representatives from Fansteel or FMRI should not be contacting you to request these payments as stipulated by Condition 5.G of the 12-Month Forbearance Agreement. On February 16, 2016, FMRI submitted its ninth request to the NRC related to Condition 5.G.

FMRI requested that an amount of $57,266 be paid to:

American Waste Management Services, Inc. (AWMSI)
P.O. Box 76688
Cleveland, OH 44101-6500
Telephone: 330-856-8839
E-Mail: bbronson@avalonholdings.com
Contact Person: Bunny Bronson
Method of Payment: Check

We have reviewed the invoices, information, and certification provided by FMRI. Based upon the information provided, we have concluded that, consistent with the FMRI Decommissioning Trust, a check in the amount of $57,266 should be issued to American Waste Management Services.

Please email Mr. Gregory Chapman of the NRC, and Ms. Bunny Bronson of AWMSI, when the check to AWMSI is transmitted. Mr. Chapman's email address is Gregory.Chapman@nrc.gov and Ms. Bronson's email address is bbronson@avalonholdings.com.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of the Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html.

Please contact Mr. Gregory Chapman if you have any questions concerning the above. He can be reached at (301) 415-8718 or via e-mail at the address noted above.

Sincerely,

/RA/

Theodore Smith, Acting Branch Chief
Materials Decommissioning Branch
Division of Decommissioning, Uranium Recovery,
and Waste Programs
Office of Nuclear Material Safety
and Safeguards

Docket No.: 040-7580
License No.: SMB-911

cc: Robert Compernolle, FMRI
Pam Dizikes, Oklahoma Department
of Environmental Quality
Richard Gladstein, U.S. Department
of Justice

Please contact Mr. Gregory Chapman if you have any questions concerning the above. He can be reached at (301) 415-8718 or via e-mail at the address noted above.

Sincerely,

/RA/

Theodore Smith, Acting Branch Chief
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Office of Nuclear Material Safety
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Docket No.: 040-7580
License No.: SMB-911

cc: Robert Compernolle, FMRI
Pam Dizikes, Oklahoma Department
of Environmental Quality
Richard Gladstein, U.S. Department
of Justice

DISTRIBUTION: G. Schlapper, RIV

ADAMS Accession No.: ML16048A345

OFFICE	DUWP	DUWP/LA	DUWP/BC (A)
NAME	G. Chapman	C. Holston	T. Smith
DATE	02/17/16	02/18/16	02/18/16

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