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Director, Office of Nuclear Material Safety and Safeguards
US Nuclear Regulatory Commission
Washington D.C., 20555-001

**Re: In the Matter of: FMRI (a subsidiary of Reorganized Fansteel, Inc.) and Fansteel, Inc.,
Muskogee, OK. NRC Order, July 14, 2017, Docket No. 040-7580, License No. SMB-911, EA-
17- 102- FMRI Good Cause letter**

Dear Director:

We represent FMRI and Fansteel in connection with the above-noted Order. FMRI believes that good cause exists for the NRC to relax certain provision of the Order so that the continued funding of site maintenance and operation expenses can occur. If the NRC does not relax the provisions of the Order as described below, then FMRI, Fansteel and other interested parties will file their pleadings in the above proceeding, including a motion to set aside the Order, including its immediate effectiveness, because it is not based on adequate evidence but on mere suspicion, unfounded allegations or error. More importantly, during the pendency of this administrative appeal, FMRI will not receive funding to perform any site maintenance and operation activities.

In support of its request to relax certain provisions of the ORDER for good cause, FMRI states as follows.

FMRI is the licensee under License SMB-911 and is currently conducting decommissioning activities at the Muskogee Oklahoma facility that includes, but is not limited to, site maintenance and operation activities. The funding for this work was being paid for by Fansteel and the Decommissioning Trust. However, as the NRC is aware, Fansteel is in bankruptcy and its ability to pay these expenses is subject to the Iowa Bankruptcy Court's Order. Fansteel is not authorized to pay these expenses and has not paid FMRI for this work in 3 months. As of the date of this letter, FMRI does not have sufficient funds to pay for site maintenance and operation expenses, including payroll, utilities, site security and maintenance and environmental monitoring, effective the week of July 24, 2017, and without any funding, the site will be abandoned.

NRC's Order seeks to add Fansteel as a co-licensee to license SMB-911 based upon inadequate evidence, mere suspicion, unfounded allegation and error. FMRI, Fansteel and other interested parties expect to file pleadings before the Director asserting their positions. Moreover, while this proceeding moves forward, there will be no funding provided to FMRI to perform the site maintenance and operation work, and the site will be abandoned this week.

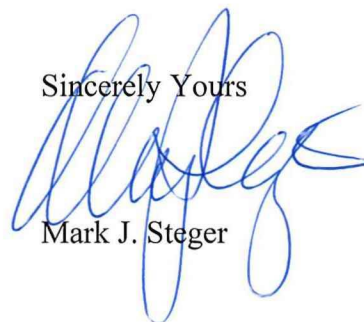
However, rather than expend the limited resources of FMRI and Fansteel on pursuing their appeal of the NRC Order, Fansteel and other interested parties in the Iowa bankruptcy proceeding are willing to agree to allow Fansteel to fund FMRI for the work, but only if the NRC relaxes the following provisions of the Order: Section V, paragraphs A and B in their entirety, paragraph C generally by removing Fansteel and paragraph C (3) in its entirety. In return, FMRI will continue to comply with paragraph C (1) as long as FMRI is provided funding. Paragraph C (2) of the Order has already been satisfied. In addition, FMRI requests that the NRC relax the time periods for FMRI, Fansteel and other interested parties to file their pleadings in the administrative proceeding. NRC's relaxation of these ORDER provisions should continue as long as FMRI is receiving payments to fund site maintenance and operation activities.

In the event the NRC refuses to grant this relaxation, FMRI, Fansteel and other interested parties will have no choice but to file their answers, request for hearing and their motions to set aside the Order. FMRI will not receive any funding, and the site will be abandoned.

Accordingly, based upon the above, FMRI believes that good cause exists to relax the Order provision cited above, including the due dates for any pleadings. In return for this relaxation, Fansteel and the other interested parties intend to reach an agreement to fund FMRI for this work. This agreement will be filed in the Iowa bankruptcy court for approval within the next day or two. The NRC's agreement to relax the requested provisions of the Order is a condition precedent to Fansteel and the other interested parties reaching such an agreement.

We are available to discuss the matter as soon as possible. If you should have any questions, please contact me.

Sincerely Yours



Mark J. Steger

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