



March 31, 2018

U.S. Nuclear Regulatory Commission
ATTN: Document Control
Decommissioning Branch
Division of Waste Management
11545 Rockville Pike
Two White Flint North
Rockville, Maryland 20852

Reference: License SMB-911; Docket No. 40-7580
License Conditions 43, 44, and 45 – Annual Update

Document Control:

Pursuant to License SMB-911 Conditions 43, 44, and 45, the licensee, FMRI, Inc. ("FMRI"), submits the following information:

License Condition 43 (accounting of expenses)

This letter and the enclosed "Table 1 – Accounting of Expenses for Year 2017" (Attachment 1) provide the information required by License Condition 43 regarding FMRI expenses in 2017, including the following:

- a) Expenses incurred by FMRI in 2017, using the same line items as provided in Table 15-11 of the Decommissioning Plan ("DP").
- b) The amount spent on each line item during 2016.
- c) Cumulative expenses (i.e., spent in 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017).
- d) Identification of variances, both positive and negative, between the planned expense projected by FMRI for 2017 in the most recent previous annual update submitted to the NRC on March 31, 2017 and the actual expense for each line item during 2017.
- e) An explanation of the reasons for variances that exceed 5% of the planned expense for a line item during 2017 (provided as a footnote to Table 1).

FMRI, Inc., #Ten Tantalum Place, Muskogee, OK 74403, Phone 918-687-6303 / Fax 918-687-6112

**The Attachment 3 to this Letter Contains Confidential Financial Information
Withhold from Public Disclosure in Accordance With 10 CFR 2.390**

NM5501

Subparagraph (f) of License Condition 43 requests a comparison of the cost of work remaining to the funding remaining under the assurances provided to NRC. The cost of work remaining is to be determined by estimating the amount and cost of labor, materials, services, etc., required to complete the work. If the cost of remaining activities exceeds the remaining amounts assured to the NRC, a detailed plan to adjust the work plan to the available funding is to be provided.

Enclosed is "Revised Table 15-11, Revised Closure Cost Estimate by Year" (Attachment 2) that provides the revised estimated cost of \$17,044,034.00 for the decommissioning work remaining to be incurred in 2018 and out years. This correlates to an increase in total decommissioning cost estimate (i.e., including previous years expenses) to a total of \$42,404,691 which is \$1,799,691 more than the original estimate of \$41,605,000 on which the financial assurance mechanism was based. The revised estimate is based on full funding and a shorter time span.

Finally, paragraph (g) of License Condition 43 requests an explanation of the reason for all expenses not covered by the line items of Table 15-11. There were no other expenses that are not covered by the line items of Table 15-11 in 2016.

License Condition 44 (accounting of income)

The accounting of income in 2017 from Reorganized Fansteel (i.e., Fansteel Inc. or "Fansteel") showing amounts paid to FMRI following the format used in License Condition 44 is provided below: Fansteel is funding FMRI monthly.

- | | | |
|----|----|--|
| a) | \$ | 0.00 - annual mandatory prepayments |
| b) | \$ | 275,552.20 - annual in monthly payment |
| c) | \$ | 0.00 - additional annual prepayment (1) insurance proceeds, and
(2) re-organized debtor asset sale proceeds |
| d) | \$ | 0.00 - payments under the secondary promissory note |
| e) | \$ | 0.00 - payments under the contingent promissory note |

Subparagraph (f) of License Condition 44 also requests information on any other payments received. Other payments received by FMRI in 2017 are as follows:

- \$ 318,003.14 - withdrawn from the Decommissioning Trust
- \$ 1,000.00 - from the sale of surplus equipment
- \$ 45,000.00 - from rental income
- \$ 0.00 - from interest income

License Condition 45

As required in License Condition 45, and as discussed above, enclosed is an updated version of Table 15-11 (i.e., "Revised Table 15-11 - Revised Closure Cost Estimate by Year").

FMRI, Inc., #Ten Tantalum Place, Muskogee, OK 74403, Phone 918-687-6303 / Fax 918-687-6112

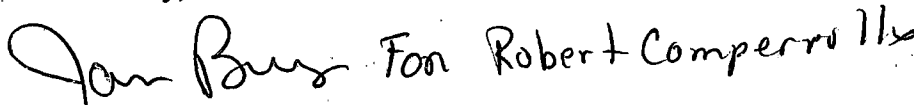
**The Attachment 3 to this Letter Contains Confidential Financial Information
Withhold from Public Disclosure in Accordance With 10 CFR 2.390**

License Condition 45 also requests an updated version of Table 15-12 (Reorganized Fansteel Cash Flow by Year) showing actual figures for previous periods, and updated projections using current information. FMRI encloses an updated version of Table 15-12 (*i.e.*, "Revised Table 15-12 -Reorganized Fansteel Cash Flow by Year") showing actual figures for previous periods, and updated projections using current information (Attachment 3). This table is based upon information recently supplied by Fansteel Inc. ("Fansteel") and reflects actuals for 2016 with projections for out-years. As the footnote in the attached table indicates, forecasts of future financial results over an extended period of time are extremely difficult.

Pursuant to 10 C.F.R. § 2.390, FMRI requests that the NRC withhold the March 31, 2018 Table 15-12 update from public disclosure in accordance with 10 C.F.R. § 2.390. This information is essentially identical to the information already determined by the NRC in its January 9, 2007 letter to contain proprietary commercial information that should be withheld from public disclosure pursuant to 10 CFR 2.390(b)(5) and Section 103(b) of the Atomic Energy Act of 1954, as amended. In support of this request, FMRI submits the affidavit of Robert Compernelle dated March 31, 2018 (Attachment 4).

If you have any questions, please call me at (918) 687-6303.

Sincerely,

 For Robert Compernelle

Robert Compernelle
President, FMRI

Enclosures

Copy to: (Greg Chapman NRC)
(FMRI File (NRC-033165))

bcc:

James Burgess (FMRI)

FMRI, Inc., #Ten Tantalum Place, Muskogee, OK 74403, Phone 918-687-6303 / Fax 918-687-6112

**The Attachment 3 to this Letter Contains Confidential Financial Information
Withhold from Public Disclosure in Accordance With 10 CFR 2.390**

ATTACHMENT 1

Table 1 - FMRI - Accounting of Expenses for Year 2017 (License Condition 43; Submitted March 31, 2018)

Line Item No.	Description	Year 2017:			Percent Variance	Yrs 2004, through 2017
		Projected in revised Table 15-11 on 3/31/17	Actual	Better (Worse)		Cumulative Actual
Site maintenance activities						
1	Site maintenance costs in preparation for decommissioning	\$ -	\$ -	\$ -		\$ -
2	Miscellaneous costs, legal & other consulting services	\$ 100,000	\$ 20,000	\$ 80,000	(80)	4,245,985.00
		\$ 100,000	\$ 20,000	\$ 80,000		4,245,985.00
Site plans & maintenance						
3	Prepare decommissioning plans and reports (Funded Cost)	\$ -	\$ -	\$ -		648,988.00
4	Facility oversight through facility closure in about 10 years	\$ 300,000	\$ 224,332	\$ 75,668	(25)	5,037,664.00
5	Preparation of Environmental Report	\$ -	\$ -	\$ -		\$ -
6	NRC review of decommissioning plans and reports (Funded Cost)	\$ -	\$ -	\$ -		236,899.00
7	NRC oversight & misc. through facility closure over 10 years (Funded Cost)	\$ 350,000	\$ 211,139	\$ 138,861	(40)	2,335,507.00
8	Health Physics support through facility closure over 10 years (Funded Cost)	\$ 25,000	\$ 13,640	\$ 11,360	(45)	487,802.00
9	NRC oversight of groundwater treatment	\$ -	\$ -	\$ -		\$ 125,000.00
10	Survey activities (Funded Cost)	\$ -	\$ -	\$ -		\$ -
11	Decontaminate all buildings (Funded Cost)	\$ -	\$ -	\$ -		\$ -
12	Decontaminate equipment (Funded Cost)	\$ -	\$ -	\$ -		\$ -
		675000.00	449111.00	225889.00		8,871,859.00
WIP disposition						
13	Ponds 2&3 Residues (WIP), Excavation, on-site hauling, and drying (Funded Cost)	\$ -	\$ 40,000	\$ -		2,398,709.00
14	Ponds 2&3 Residues transportation (Funded Cost)	\$ 300,000	\$ 237,182	\$ 62,818	(21)	3,838,238.00
15	Ponds 2&3 Residues disposition (Funded Cost)	\$ 170,000	\$ 137,087	\$ 32,913	(19)	1,857,544.00
16	Backfill where removed Ponds 2 & 3 Residues (WIP residues) (Funded Cost)	\$ -	\$ -	\$ -		\$ -
		\$ 510,000	\$ 414,269	\$ 95,731		8,095,491.00
CaF2 disposal						
17	Ponds 5,6,7,8, & 9 Residues – Excavation, on-site hauling, and drying (Funded Cost)	\$ -	\$ -	\$ -	#DIV/0!	\$ -
18	Ponds 5,6,7,8, & 9 Residues transportation (Funded Cost)	\$ -	\$ -	\$ -	#DIV/0!	\$ -
19	Ponds 5,6,7,8, & 9 Residues disposal (Funded Cost)	\$ -	\$ -	\$ -	#DIV/0!	\$ -
20	Backfill where removed Ponds 5,6,7,8, & 9 Residues (Funded Cost)	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -		\$ -
Soil disposal						
21	Radiologically contaminated soils, Excavation & on-site hauling (Funded Cost)	\$ -	\$ -	\$ -		\$ -
22	Radiologically contaminated soils transportation (Funded Cost)	\$ -	\$ -	\$ -		\$ -
23	Radiologically contaminated soils disposal (Funded Cost)	\$ -	\$ -	\$ -		\$ -
24	Backfill where removed radiologically contaminated soils (Funded Cost)	\$ -	\$ -	\$ -		\$ -
		\$ -	\$ -	\$ -		\$ -
Groundwater treatment						
25	Groundwater treatment for 3 years during decommissioning of WIP	\$ -	\$ -	\$ -		1,410,000.00
26	Groundwater treatment for 17 years after decommissioning of WIP	\$ 160,000	\$ 142,837	\$ 17,163	(11)	\$ 1,949,322.00
		\$ 160,000	\$ 142,837	\$ 17,163	(11)	3,359,322.00
	Total Decommissioning Expenses	\$ 1,445,000	\$ 1,026,217	\$ 418,783	(29)	24,572,657.00

Explanation of Variances that Exceed 5% of the Planned Expenses by Line Item:

NO EXCEEDANCE

ATTACHMENT 2

Revised Table 15-11

FMRI Revised Closure Cost Estimate by Year (License Condition 45; Submitted March 31, 2018)

	Pre Approval			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Subtotal	On going	Total			
	2002* (Actual)	2003 (Actual)	Subtotal (2002 - 2003)	2004 (Actual)	2005 (Actual)	2006 (Actual)	2007 (Actual)	2008 (Actual)	2009 (Actual)	2010 (Actual)	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Actual)	2015 Actual	2016 Actual	2017 Actual	2018 Projected	(2004 - 2018)	later years 2019 to 2023				
Site maintenance activities (line item number)																								
(1) Site maintenance costs in preparation for decommissioning	154,000	1,446,000	1,600,000																			1,600,000		
(2) Miscellaneous costs, legal & other consulting services	160,000	250,000	410,000	424,038	200,658	\$ 209,889	859,118	384,577	573,810	87,221	232,227	136,000	260,059	579,483	145,990	132,915	20,000	25,000		4,270,985	141,000	4,821,985		
	314,000	1,696,000	2,010,000	424,038	200,658	209,889	859,118	384,577	573,810	87,221	232,227	136,000	260,059	579,483	145,990	132,915	20,000	25,000		4,270,985	141,000	6,421,985		
Site plans & maintenance																								
(3) Prepare decommissioning plans and reports				90,302	211,002	\$ 347,684															648,988	648,988		
(4) Facility oversight through facility closure in about 10 years				570,785	430,986	\$ 457,568	445,593	440,672	304,539	241,141	236,051	137,883	552,736	135,813	310,693	548,872	224,332	124,000		5,161,664	209,114	5,370,778		
(5) Preparation of Environmental Report		200,000	200,000																			200,000		
(6) NRC review of decommissioning plans and reports				102,649	86,250	\$ 48,000															236,899	236,899		
(7) NRC oversight & misc. through facility closure over 10 years				160,408	198,827	\$ 175,238	222,904	189,771	198,249	34,731	44,927	136,000	42,288	193,398	179,565	348,061	211,139	200,000		2,535,507	320,000	2,855,507		
(8) Health Physics support through facility closure over 10 years					45,000	\$ 102,500	59,086	31,322	11,073	33,061	26,791	107,723		11,330	15,620	30,656	13,640	15,000		502,802	55,000	557,802		
(9) NRC oversight of groundwater treatment												125,000								125,000	1,000,000	1,125,000		
(10) Survey activities																						400,000		
(11) Decontaminate all buildings																						400,000		
(12) Decontaminate equipment																						400,000		
		200,000	200,000	924,144	972,065	1,130,990	727,583	661,765	513,861	308,933	307,769	506,606	595,024	340,541	505,878	927,589	449,111	339,000		9,210,859	2,384,114	11,794,973		
WIP disposition																								
(13) Ponds 2&3 Residues (WIP), Excavation, on-site hauling, and drying					425,672	699,929	197,420	349,288	101,750	372,735	100,515	50,000			26,654	34,746	40,000				2,398,709	70,000	2,468,709	
(14) Ponds 2&3 Residues transportation						8,625	1,380,822	1,060,893	181,523				41,206	211,039	430,617	286,330	237,182				3,838,238	953,324	4,791,562	
(15) Ponds 2&3 Residues disposition							734,613	514,876	52,032					102,285	153,169	163,482	138,087				1,858,544	553,468	2,412,012	
(16) Backfill where removed Ponds 2 & 3 Residues (WIP residues)																					20,000	20,000		
					425,672	708,554	2,312,855	1,925,057	335,305	372,735	100,515	50,000	41,206	313,324	610,440	484,558	415,269				8,095,491	1,596,792	9,692,283	
CaF2 disposal																								
(17) Ponds 5,6,7,8, & 9 Residues – Excavation, on-site hauling, and drying																						345,406	345,406	
(18) Ponds 5,6,7,8, & 9 Residues transportation																						4,227,003	4,227,003	
(19) Ponds 5,6,7,8, & 9 Residues disposal																						4,673,930	4,673,930	
(20) Backfill where removed Ponds 5,6,7,8, & 9 Residues																						150,000	150,000	
																						9,396,339	9,396,339	
Soil disposal																								
(21) Radiologically contaminated soils, Excavation & on-site hauling																						137,789	137,789	
(22) Radiologically contaminated soils transportation																						1,336,300	1,336,300	
(23) Radiologically contaminated soils disposal																						1,477,700	1,477,700	
(24) Backfill where removed radiologically contaminated soils																						50,000	50,000	
																						3,001,789	3,001,789	
Groundwater treatment																								
(25) Groundwater treatment for 3 years during decommissioning of WIP				282,000	282,000	282,000	282,000	282,000														1,410,000	1,410,000	
(26) Groundwater treatment for 17 years after decommissioning of WIP									282,000	282,000	282,000	282,000	167,641	180,803	167,962	162,079	142,837	160,000				2,109,322	524,000	2,633,322
				282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	282,000	167,641	180,803	167,962	162,079	142,837	160,000				3,519,322	524,000	4,043,322
Total Revised Decommissioning Cost Estimate	314,000	1,896,000	2,210,000	1,630,182	1,880,396	2,331,433	4,181,556	3,253,399	1,704,976	1,050,889	922,511	974,606	1,063,930	1,414,151	1,430,270	1,707,141	1,027,217	524,000		25,096,657	17,044,034	42,140,691		

ATTACHMENT 4

Affidavit of Robert Compernelle

I, Robert Compernelle, being first duly sworn according to law, under oath, depose and state:

1. I am the President of FMRI, Inc. ("FMRI"), a wholly owned subsidiary of Fansteel Inc. Fansteel has certain prescribed, bankruptcy court-approved, financial obligations to its subsidiary FMRI, the Nuclear Regulatory Commission ("NRC") licensee, including the payments on notes issued by Fansteel, related to the remediation of FMRI's Muskogee, Oklahoma site. Payments under the notes are partially dependent on Fansteel operating cash flows and cash on hand. To permit FMRI to fulfill its regulatory responsibilities for its Muskogee, Oklahoma site, namely the updating of information contained in Table 15-12 of the Muskogee Decommissioning Plan which is required by Condition 45 of License Number SMB-911, Fansteel has made certain financial projections and supplied them to FMRI with a stipulation that release to a third party (including the NRC) be made only after assurance that such information would be held in confidence, used for appropriate regulatory purposes and not further disclosed without prior consent. As President of FMRI, my duties include the review of the information which is to be submitted to the NRC in conjunction with the proposed revision of Table 15-12 to the FMRI Decommissioning Plan. I am authorized by Fansteel to execute this affidavit in support of the request to withhold such information from public disclosure.
2. The information consists of commercial financial information related to the operation of Fansteel. This information constitutes confidential and proprietary commercial

- 2 -

information that should be held in confidence by the NRC, pursuant to 10 C.F.R. § 9.17(a)(4) and 10 C.F.R. § 2.390, for the following reasons:

- (i) Based upon my position as President of FMRI, I understand that this information is of a type that is customarily held in confidence by Fansteel and other public companies, and these materials, which are internal business projections not normally made public, could reveal Fansteel's financial projections, which could adversely affect Fansteel in financial negotiations and other dealings with its customers, and assist Fansteel's competitors. I further understand that the information contained therein has not been and will not be released to the general public and was intended to remain confidential in order to preserve its value and usefulness and protect Fansteel from a potential violation of the securities laws.
- (ii) Since its emergence from bankruptcy, this information is and has been held in confidence by Fansteel. Based on Fansteel's actions in this matter, the disclosure of the subject information outside the company is strictly limited and controlled.
- (iii) This information is being transmitted to the NRC in confidence.
- (iv) To the best of my knowledge, this information is not available through public sources, and could not be gathered readily from other publicly available information.
- (v) I understand that public disclosure of this information would create substantial harm to the competitive interests of Fansteel by disclosing sensitive financial

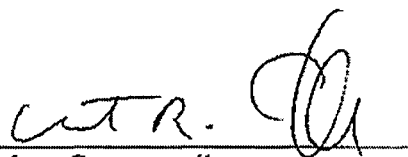
- 3 -

information to competitors and other parties whose interests may be adverse to those of Fansteel.

- (vi) The entire document contains commercial financial information which cannot meaningfully be segregated from non-confidential material.
 - (vii) This information is essentially identical to the information already determined by the NRC in its January 9, 2007 letter to contain proprietary commercial information and should be withheld from public disclosure pursuant to 10 CFR 2.390(b)(5) and Section 103(b) of the Atomic Energy Act of 1954, as amended.
3. Accordingly, it is requested that the designated information be withheld from public disclosure pursuant to 10 C.F.R. §§ 2.390(a)(4) and 9.17(a)(4)

In accordance with 29 USC 1746:

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief. Executed on March 30, 2018:



Robert Compennolle
President of FMRI, Inc.