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DOCKET NUMBER
PROD. & UTIL. FILE **27-37**

JAMES N. NEEL
President and
Chief Executive Officer

March 14, 1979

Dr. Paul Q. Peterson
Director
Department of Public Health
Springfield, Illinois 62761



Dear Dr. Peterson:

This is in reference to your letter of Saturday, March 10, 1979 in which you expressed the view that notwithstanding our letters of March 8, 1979 terminating our lease and license (IL-00230-01) you believe Nuclear Engineering Company, Inc. (NECO) is still responsible for the Sheffield, Illinois radioactive waste disposal site.

We, of course, must disagree with this view, and while we stand firm on our legal position, we would be pleased to cooperate with you fully in discussing how best to make the transition as smoothly as possible.

As you know as early as last July we advised Dr. Clifford Smith and his staff that we were at the point of terminating our Sheffield operations unless the Nuclear Regulatory Commission (NRC) staff acted with promptness on our renewal application. The NRC's letter of February 15, 1979 with its latest series of questions, coupled with the previously stated NRC position, as reflected in earlier communications, together with the ongoing Illinois Attorney General's litigation made it evident that a reasonable resolution of this matter was not feasible.

We have left the site in a secure and proper closure status and we will be pleased to advise you on any aspect of site maintenance should you so desire. In the meantime

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Dr. Paul Q. Peterson
March 14, 1979
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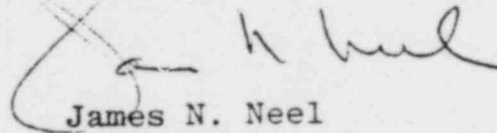
We want to reemphasize that in no way does the site pose a threat to health and safety. The March 9, 1979 inspection of the site by both the State and NRC and their departure from the site with no adverse comments provides further confirmation that there is no threat to the public health and safety.

I am sure you will appreciate that it was with deep regret that we were forced to terminate our radioactive waste disposal activities in Illinois. Our action will undoubtedly impinge severely on the nuclear industry in Illinois, but the frustrating delays on the part of the NRC in finalizing its review of our renewal application and the Illinois Attorney General's unreasonable continuing opposition to our operation permitted us no other recourse.

I want you to know that while we had our differences from time to time, we appreciate that you and your staff have always treated us in the past in a courteous manner.

Sincerely yours,

NUCLEAR ENGINEERING COMPANY, INC.



James N. Neel
President

JNN:sw

cc: Service List



UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION



In the matter of

NUCLEAR ENGINEERING COMPANY, INC.

Docket No. 27-39

(Sheffield, Illinois Low-Level
Radioactive Waste Disposal Site)

CERTIFICATE OF SERVICE

I hereby certify that copies of a letter to Dr. Paul Q. Peterson, Director, Department of Health, Springfield, Illinois, dated March 14, 1979, in the captioned matter, have been served upon the following by deposit in the United States mail this 14th day of March, 1979:

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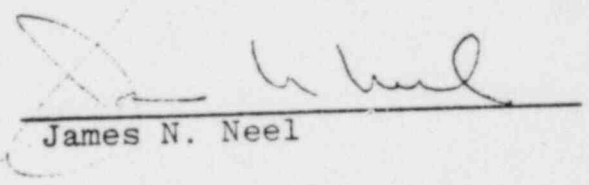
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