



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

JUL 11 1980

Docket 40-2061

NOTE TO: Files

FROM: W. A. Nixon
Uranium Process Licensing Section
Uranium Fuel Licensing Branch

SUBJECT: MEETING WITH KERR-MCGEE TO DISCUSS DECOMMISSIONING CONTRACTOR
PERFORMANCE

A meeting was held on June 5, 1980, with representatives of Kerr-McGee, at their request, to discuss the results of an investigation by Kerr-McGee of a "kick-back" payment scheme between employees of Kerr-McGee and the Kerr-McGee decommissioning contractor, Chem Nuclear, and of possible unauthorized removal of material from the West Chicago site. A list of attendees is enclosed.

Information presented by Kerr-McGee during the meeting is summarized in the following paragraphs.

Chem Nuclear began decommissioning activities for Kerr-McGee at the West Chicago site in June 1979. In late 1979, Kerr-McGee began an investigation of onsite activities because of excessive charges for work accomplished and of persistent rumors of unauthorized removal of material from the site. The Kerr-McGee investigation was paralleled by an independent investigation by Chem Nuclear.

The Kerr-McGee investigation included interviewing employees, reviewing records, searching documents and performing a survey of equipment and materials. A "kick-back" scheme was discovered that involved a Chem Nuclear subcontractor, Chem Nuclear employees and Kerr-McGee employees. As a result, the contract with Chem Nuclear was terminated in April 1980. The Kerr-McGee investigation also disclosed strong circumstantial evidence that up to 6 drums of copper wire and brass fitting had been removed, without authorization, from the site; however, no positive proof of this has been discovered.

The Kerr-McGee investigation was expanded to cover the period during 1974 to mid-1975 when the plant was being closed and equipment dismantled. An

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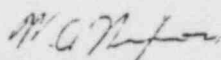
examination of records indicated that plant equipment was sent to fourteen other Kerr-McGee plants during this period. Some of this equipment has been identified and surveyed recently and contamination has been discovered. Kerr-McGee has committed to survey and decontaminate all equipment in other plants traceable to the West Chicago plant. IE will review the Kerr-McGee survey procedures to be used to determine the residual contamination level of equipment from West Chicago.

During 1977 and 1978, efforts were made by a local contractor to decontaminate certain site buildings. During this period, some equipment (mainly electrical gear and wiring) was removed from the site and, in most cases, sold to scrap companies. It is probable that not all material released during this period was surveyed prior to release. Kerr-McGee has not yet interviewed the contractor to obtain additional information but will in the near future.

The Kerr-McGee investigation is expected to be completed within 60 days. Another briefing will be presented to NMSS at that time by Kerr-McGee. A new contractor for decontamination work will be selected by Kerr-McGee by about July 1, 1980.

Kerr-McGee was informed that NRC concerns in relation to the results of the investigation were (1) identification and decontamination of equipment sent to other Kerr-McGee plants, and (2) determining whether equipment and materials have been removed from the site without proper authorization. NRC has no regulatory responsibility in regard to the "kick-back" scheme.

Kerr-McGee was also informed that they should keep IE informed of the progress of their investigation to allow IE to participate in the evaluations.



W. A. Nixon
Uranium Process Licensing Section
Uranium Fuel Licensing Branch
Division of Fuel Cycle and
Material Safety

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LIST OF ATTENDEES

Regulations Attendees

W. T. Crow, NMSS
R. G. Page, NMSS
R. E. Cunningham, NMSS
W. A. Nixon, NMSS
R. Fonner, ELD
D. Sly, I&E, HQ
G. Phillips, I&E, RegIII

Kerr-McGee Attendees

G. Charnoff
J. Berghoff
(K-M Lawyer-Chicago)
T. Denny, K-M
J. Rhineland
(Shaw Pittman)