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July 21, 1988

Ref: SA/JFK

MEMORANDUM FOR: Stuart A. Treby, Assistant General
 Counsel for Rulemaking and Fuel Cycle

Hugh L. Thompson, Jr., Director
 Office of Nuclear Material Safety
 and Safeguards

Eric S. Beckjord, Director
 Office of Nuclear Regulatory Research

Thomas E. Murley, Director
 Office of Nuclear Reactor Regulation

A. Bert Davis, Regional Administrator
 Region III

Distribution:
 SA R/F
 Dir R/F
 JFKendig
 Illinois file (fc)

FROM: Carlton Kammerer, Director
 State, Local and Indian Tribe Programs

SUBJECT: DRAFT PROPOSAL FROM ILLINOIS FOR AMENDED AGREEMENT

Enclosed please find a draft proposal for an amended agreement from the State of Illinois. Illinois would like the scope of the current agreement to be expanded to include the transfer of regulatory authority to the State covering the extraction or concentration of source material from source material ore and byproduct material as defined in section 11e(2) of the Atomic Energy Act of 1954, as amended.

To provide as smooth a process as possible, we are providing copies of the State's draft proposal for your review and comment (enclosure 1). The reference criteria for evaluating a request for an amended agreement is contained in the attached Policy Statement (enclosure 2). We would like to direct your attention to PS-AG-4, item 29 Statutes as a reference point for the start of your review. OGC has been provided a copy of the proposed draft for review of the statutes and regulations.

After receipt of your response to our request it is our intention to discuss and resolve any comments we have received with Illinois so that the Governor's request, when received, can be handled expeditiously.

Please provide your response to me by August 26, 1988. If you have any questions, please call Don Nussbaumer X-20325 or John F. Kendig, X20322.

CF

Enclosures:
 As stated
 cc: See attached page:

OFC: SLITP/SA	: SLITP/SA	: SLITP/AD	: SLITP/D	:	:	:
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8/2/58
AURORA
Beacon News
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24-234-124-162-84 W
W. Chicago site of waste bill signing

By Paul Keless
The Beacon-News

WEST CHICAGO — Gov. James Thompson will visit West Chicago Friday to sign a bill giving the state control over all radioactive waste at a local plant site.

The signing, set for 10 a.m. at City Hall, will signal the beginning of the end of a controversy over where 13 million cubic feet of low-level radioactive waste will end up.

Thompson aide Barry Hickman said the governor will sign House Bill 3429 in the City Council Chambers, then hold a brief press conference.

The state, the city and local residents have argued for removal to a remote site, but Kerr-McGee Corp. and the federal Nuclear Regulatory Commission say an encapsulated mound in West Chicago will safely contain it.

Kerr-McGee, headquartered in Oklahoma City, proposed storage of thorium mill tailings in a 40-foot mound on the former plant site at Ann and Factory streets. The company, which closed up the plant in 1973, was the last of three to mill thorium there.

The company said it would cost between \$8.6 million and \$22 million to enclose the waste on the site, while moving the material to a re-

mote site could cost between \$33 and \$80 million.

Almost since the 1973 plant closing, a legal and legislative battle has been going on to determine where the radioactive material will end up.

The bill Thompson will sign was approved in the state House of Representatives through the efforts of Rep. Donald Hensel, R-West Chicago, and handled in the state Senate by Sen. Doris Karpiel, R-Roselle.

It would give the state Department of Nuclear Safety total control over the disposition of the 13 million cubic feet of waste. That would change a deal made in 1987 by the state department and the NRC.

Under that arrangement, the

state had control over source material, the radioactive material in the ground. The NRC had control over the byproduct material, the material produced when thorium was extracted.

On the federal level, the House of Representatives has approved a bill that would require the NRC to find a permanent disposal site only after examining alternatives and finding the safest one.

That bill, scheduled for full Senate consideration next week, was sponsored by Rep. Dennis Hastert, R-Yorkville in the House and Sen. Alan Dixon in the Senate. The bill now is pending before the Senate Environment and Public Works Committee as an amendment to another NRC bill.

Hastert has said that state and

federal legislation will put two-pronged pressure on Kerr-McGee to find a storage site outside West Chicago.

The state bill would give the state control of the site, while his proposal would add more control should the NRC retain control.

Meanwhile, DuPage County Circuit Court Judge Fredrick Henz has been mulling court documents to decide whether to order removal of the wastes, a decision that could be rendered moot by the legislative action.

Henz has been studying case records since the August 1986 conclusion of court testimony in a 1980 case filed by the Illinois Attorney General. The state legal office wants the judge to order the wastes removed to a remote site.

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CHICAGO - ILL -
TRIBUNE

AUG 6 1988

State closer to control of radioactive dump site

By Rudolph Unger

Suburban West Chicago took another step in its long campaign to get rid of a mound of radioactive debris Friday when Gov. James Thompson signed legislation intended to turn over control of the waste to the state.

Under the new law, the Illinois Department of Nuclear Safety will petition the federal Nuclear Regulatory Commission for control over the 13 million cubic feet of low-level radioactive refuse. The waste is stored at a fenced-in 43-acre former industrial site at Ann and Factory Streets in West Chicago.

Thompson and others said that if the state gets control over what to do with the waste, it will force the owner, Kerr-McGee Chemical Co., to dispose of it in another, less populous area, either in or outside Illinois.

At a signing ceremony in West Chicago's City Hall, Thompson said state rules for radioactive waste are more stringent than those of the federal government.

Joining Thompson at the ceremony were State Rep. Donald Hensel, (R., West Chicago) sponsor of the legislation; West Chicago Mayor A. Eugene Rennels; and Terry Lash, director of the Illinois

Department of Nuclear Energy.

Kerr-McGee, aided by the staff of the federal Nuclear Regulatory Commission, had worked out a plan to encase the waste in a clay-lined, earth-covered shell, bury it on the site, and then cover and landscape the site as a park.

Company officials said this would be safe and would cost \$20 million, estimated to be less than half the cost of moving the waste. Thompson said the state is not satisfied that the Kerr-McGee plan is safe.

The waste consists of sandlike thorium mill tailings, once considered harmless, now known to be radioactive. They were produced, since 1931, by the former Lindsay Light and Chemical Co., as a byproduct of milling radioactive ore.

The company was sold a number of times before being bought by Oklahoma-based Kerr-McGee in 1967. The plant closed in 1973 and the buildings were razed in 1985.

For years, West Chicago residents helped themselves to mill tailings for use in their yards or for landfill. Starting in 1984, after the tailings were discovered to be radioactive, Kerr-McGee employees—some wearing hooded, anti-contamination garb and carrying Geiger counters, went through the community trying to locate and collect the tailings.

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