

40-7580
PDR

C.V. Emory
President and
Chief Operating Officer

Fansteel

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January 24, 1990

Mr. Glen Sjoblom
Deputy Director
Division of Industrial & Medical Nuclear Safety
Office of Nuclear Material, Safety & Safeguard
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Sjoblom:

I would like to take this opportunity to thank you for the courtesy that you extended to Michael Mocniak, General Counsel for Fansteel, Tom Carlile, General Manager of the Muskogee plant, and me during our visit to your office on January 16, 1990.

This letter is in response to your request of what Fansteel had planned for the Muskogee plant. Due to the selling of certain equipment located at the Muskogee plant, specifically sintering furnaces, hydriding furnaces and auxiliary equipment, along with the tantalum work-in-process inventory, it is the Company's intent, at this point in time, that the ore treating facilities be shut down. There are no plans to treat ores or to reduce K-salts to powder at the Muskogee plant. Essentially all the operations on the east side of the railroad tracks which run north to south on the property would be shut down.

It is the Company's intent to develop a plan as to how best to handle the tantalum-bearing process residue materials. We discussed processing this material and shipping it either to Thailand or to two possible customers in Europe. Within the next six months, Fansteel should be able to develop a plan as to how this material might be best handled and submit this plan to the Nuclear Regulatory Commission.

The Company fully recognizes that there are two issues involved. One being with the source material that is regulated by the NRC and the other being certain materials affected by the EPA.

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Fansteel

Mr. Glen Sjoblom

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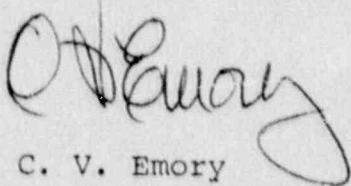
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The Company is reviewing the regulations regarding establishing financial responsibility for the decommissioning plan and will take the necessary steps.

Also, our consultant in the licensing process, NUS Corp., is reviewing the proposed license conditions regarding health and safety which Mr. Pennington forwarded to us in December, and we will respond to the Commission within a week. NUS will also review the proposed clean-up standards supplied by your office in relation to developing the decommissioning plan.

Sincerely,

FANSTEEL INC.



C. V. Emory

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cc: Mr. T. S. Carlile
Mr. M. J. Mocniak