



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION IV  
611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-8064

ENCLOSURE  
*Officer*  
*11/23/93*  
*DAN*

NOV 17 1993

MEMORANDUM FOR: Ben B. Hayes, Director  
Office of Investigations

FROM: James L. Milhoan  
Regional Administrator

SUBJECT: NACE ALLEGATIONS

My staff has provided to me a memorandum detailing the actions taken within the regional office in response to letters sent to you by Diane Curran dated September 28 and November 4, 1993. This memorandum dated November 17, 1993, is attached.

Also, a letter to the Chairman from Congressman Mike Synar requests information related to NRC actions with respect to the Curran letters. I believe the previously referenced memorandum serves to respond to this request with respect to Regional actions. The Congressman's letter also requested that we provide "copies of memoranda, telephone records, telephone facsimile and other records related to the Commission's disposition of Ms. Curran's letter and accompanying report." I have also attached copies of various records and draft documents provided by the staff in response to this request.

*James L. Milhoan*  
James L. Milhoan  
Regional Administrator

Attachments:  
As stated

cc:  
L. Williamson, OI

*9402240333*



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

MEMORANDUM FOR: Ben B. Hayes, Director  
Office of Investigations

FROM: James L. Milhoan  
Regional Administrator

SUBJECT: NACE ALLEGATIONS

My staff has provided to me a memorandum detailing the actions taken within the regional office in response to letters sent to you by Diane Curran dated September 28 and November 4, 1993. This memorandum dated November 17, 1993, is attached.

Also, a letter to the Chairman from Congressman Mike Synar requests information related to NRC actions with respect to the Curran letters. I believe the previously referenced memorandum serves to respond to this request with respect to Regional actions. The Congressman's letter also requested that we provide "copies of memoranda, telephone records, telephone facsimile and other records related to the Commission's disposition of Ms. Curran's letter and accompanying report." I have also attached copies of various records and draft documents provided by the staff in response to this request.

James L. Milhoan  
Regional Administrator

Attachments:  
As stated

CC:  
L. Williamson, OI

Ben B. Hayes

-2-

bcc:  
JLMilhoan  
JMMontgomery  
DDChamberlain  
CLCain  
DRSS Files  
RIV Files

RIV:AD:DRSS	DRA	RA		
CLCain	JMMontgomery	JLMilhoan		
11/ /93	11/ /93	11/ 93		



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

REGION IV

611 RYAN PLAZA DRIVE, SUITE 400  
ARLINGTON, TEXAS 76011-8064

**DRAFT**

MEMORANDUM FOR: James L. Milhoan, Regional Administrator

FROM: Dwight D. Chamberlain, Acting Director  
Division of Radiation Safety and Safeguards

SUBJECT: REGIONAL ACTIONS TAKEN AFTER RECEIPT OF COPIES OF  
DIANE CURRAN LETTERS DATED SEPTEMBER 28, 1993, AND  
NOVEMBER 4, 1993, REGARDING SEQUOYAH FUELS

Per your request during a meeting on November 8, 1993, this memorandum provides some background material on the captioned subject.

There were three letters from Diane Curran dated September 28, 1993. One of these was addressed to Ben B. Hayes, Director of OI, and the second to David C. Williams, NRC Inspector General. A third letter was addressed to John C. Martin, EPA Inspector General. The letters transmitted a NACE report, "Silent Sirens," dated September 28, 1993, relating to the chemical release event at Sequoyah Fuels Corporation (SFC) which occurred on November 17, 1993.

Copies of these letters and the report (minus appendices) were received in the Region IV office by fax from NMSS during the morning of September 30, 1993. It is believed that copies were immediately distributed to Joe Callan, DRSS Division Director, and members of the Augmented Inspection Team (AIT) that reviewed the subject SFC event. These team members were Bill Fisher, Linda Kasner, and Mike Vasquez. Others in the Region IV office no doubt also received copies that day, and the Region IV Regional Administrator was informed of the letters.

Joe Gilliland, Region IV Public Affairs Officer, recalls that he was faxed copies of the letters by a newspaper on September 29 and provided copies to several staff members including the Allegations Coordinator and DRSS and OI staff members.

On October 6, Joe Callan convened a teleconference of the AIT members to discuss the letters. During this meeting the various allegations raised in the report were reviewed to determine whether any new information was presented. This meeting concluded that, based on an initial review, the letters contained no new technical information regarding the event. Because the letters were directed to OI and the IG, the division determined that no immediate regional action should be taken other than to prepare to answer questions that would be posed by these two offices.

**DRAFT**

# DRAFT

James L. Milhoan

-2-

The letters were also discussed with a member of the Low Level Waste Management Branch, NMSS, during the week of October 4, 1993. The purpose of the discussion was to determine whether NMSS or the regional office should respond. Mr. James Shepherd, the SFC project manager, informed Linda Kasner that NMSS had no assigned action and was not planning to prepare a response.

At the request of OI, this matter was discussed at a Region IV Allegation Review Panel (ARP) meeting on October 25, 1993. The ARP decided to rereview the matter on November 1, 1993. At the November 1 meeting it was discussed that the initial DRSS review did not identify any new technical issues and the review was continuing. The panel's decision was that no further action by Region IV staff was warranted at this time.

The Panel again met on November 8, 1993, to review another letter from Ms. Curran dated November 4, 1993. This letter was addressed to Ben B. Hayes, Director of OI. The panel discussed actions proposed by DRSS to develop a position/response for the points identified in the letter. This was to be used for review with OI and for a possible response. It was again noted that this letter appeared to contain no technical information which had not been previously addressed by the AIT and followup inspections. The panel agreed with the proposed actions.

Attached is a chronology of events relating to the chemical release event which occurred at Sequoyah Fuels Corporation on November 17, 1992.

Dwight D. Chamberlain, Acting Director  
Division of Radiation Safety and Safeguards

Attachment as stated

# DRAFT

# DRAFT

## CHRONOLOGY OF EVENTS RESULTING FROM THE CHEMICAL RELEASE AT SEQUOYAH FUELS CORPORATION

- 11/17/92 Chemical release event occurs. AIT is dispatched to site. The team is led by W. L. Fisher, and members include G. M. Vasquez, L. L. Kasner, and C. H. Robinson (NMSS). The inspection is conducted November 17-21, 24, and 25, 1992, and public briefings are held on November 18 and 20. A public exit briefing is held November 25. (Inspection Report 92-30 is issued 12/18/92.)
- 11/18/92 A CAL is issued to SFC confirming that they will investigate the incident, brief NRC staff on the findings, and obtain NRC concurrence before restarting the plant.
- 11/23/92 SFC announces in a letter to the NRC that it will not resume UF6 production and will eventually cease DUF4 production.
- 12/8/93 SFC issues letter to the NRC outlining a corrective action plan.
- 12/8/92 Inspection 92-31 commences. This inspection, conducted December 8-11, 16-17, and 23, 1992, confirms that the licensee's corrective actions have been implemented and that they are effective. (Inspection Report 92-31 is issued 1/21/93.)
- 12/9/92 A public meeting is held at the SFC site during which the licensee's corrective action plan is discussed. NRC staff members from Region IV and NMSS are present.
- 12/11/92 Based on the results of the initial segment of Inspection 92-31, the licensee is notified that three outstanding issues need to be addressed before NRC will authorize restart of the DUF4 facility. These issues include -
1. resolving operational as well as hardware related deficiencies ("work arounds")
  2. providing assurance that DUF4 operators will comply with facility operating procedures
  3. describing the level of oversight planned by licensee management during the initial restart period.
- The licensee responds to these issues by letter dated 12/14/93. These issues are further reviewed by an NRC inspector on 12/16-17/92. At that time two outstanding issues remain to be completed. By letter dated 12/22/92, SFC provides a further response to the NRC.
- 12/11/92 NRC's medical consultants issue their report.
- 12/17/93 Commissioner Curtis visits the site. NACE, media representatives, and the Region IV Regional Administrator are in attendance.

DRAFT

- 12/21/92 Licensee briefs the Commission during a public meeting regarding its future plans and financial assurance resources for decommissioning the facility.
- 12/23/92 An NRC inspector confirms that final corrective actions have been completed, and a CAL is issued authorizing restart of DUF4 production based on the findings of Inspection 92-31 and confirming continuation of the UF6 in standby mode indefinitely.
- 1/29/93 Inspection Report 92-32 issued. This inspection, conducted December 28-31, 1992, and January 3-6, 1993, identifies six apparent violations:
1. Failure to follow a procedural caution statement requiring a slide gate valve to a previously used digester to be closed if the digester to be placed in service is not the same as the one used to mix the most recent batch.
  2. Failure to ensure, in accordance with the facility contingency plan, that the control room was sealed to prevent entry of external contamination from the process area.
  3. Two examples of a failure to follow contingency plan requirements to don respiratory protection.
  4. Failure to follow contingency plan requirements to account for all personnel responding to an emergency.
  5. Failure to follow contingency plan requirements to sound the air horn signal to alert facility personnel to an emergency condition.
  6. Failure to promptly classify the event in accordance with the contingency plan.
- 2/10/93 SFC briefs the NRC staff in Rockville, Maryland, concerning future decommissioning plans and plans for completing DUF4 operations.
- 2/16/93 SFC letter to the NRC notifies of SFC decision to terminate activities involving licensed activities and attaches SFC's Preliminary Plan for Decommissioning.
- 3/2/93 Open enforcement conference held with licensee at the RIV office.
- 3/25/93 NRC issues NOV and Proposed Imposition of Civil Penalty - \$18,000. The NOV cites a single Severity Level II problem. (The base civil penalty of \$8,000 was mitigated 50% as a result of the licensee's corrective actions. The penalty was escalated 75% due to poor past performance. The fact that SFC had knowledge of

**DRAFT**

CURRAN LETTER OF 9/28/93

There were three letters from Diane Curran dated September 28, 1993. One of these was addressed to Ben B. Hayes, Director of OI, and the second to David C. Williams, NRC Inspector General. A third letter was addressed to John C. Martin, EPA Inspector General. The letters transmitted a NACE report, "Silent Sirens," dated September 28, 1993.

Copies of these letters and the report were received in the Region IV office by fax from NMSS during the morning of September 30, 1993. It is believed that copies were immediately distributed to Joe Callan, DRSS Division Director; Charles Cain, Section Chief; and members of the AIT that reviewed the subject SFC event. These team members were Bill Fisher, Linda Kasner, and Mike Vasquez. Others in the Region IV office may also have received copies that day. It is presumed that Joe informed the Region IV Regional Administrator of the submittal.

Joe Callan convened a meeting of the AIT members to discuss the submittal within several days of its receipt. This meeting concluded that the submittal contained no information regarding the event that the team was unaware of. Because the letters were directed to OI and the IG, the division determined that no regional action should be taken other than to prepare to answer questions that would be posed by these two offices.

ARP Paid - date from dues -

no new issues

No action other than HQ



# DRAFT

Page -3-

equipment problems that, if corrected, might have precluded the event, warranted an additional escalation of 100%.)

- 4/26/93 SFC issues letter transmitting full payment of civil penalty.
- 6/11/93 NRC issues letter to SFC acknowledging payment and disagreeing with the SFC conclusion that no other credible scenario could have resulted in greater personnel injury.
- 6/25/93 NRC letter to SFC stating that the licensee's site will be included on the Site Decommissioning Management Plan (SDMP) list.
- 7/6/93 SFC ends production of DUF4.
- 7/23/93 SFC letter requests exemption from contingency (emergency) plan based on a reduced inventory of hazardous materials on site.
- 10/20/93 SFC letter requests withdrawal of request for exemption from contingency (emergency) plan.

Note: A total of 15 inspections have been performed at SFC since the event with \_\_\_\_ direct inspection hours expended.

# DRAFT