

UNITED STATES  
NUCLEAR REGULATORY COMMISSION

In the Matter of

SEQUOYAH FUELS CORPORATION  
Sequoyah Facility  
I-40 and Highway 10  
Gore, Oklahoma 74435

}

Docket No. 40-09027  
License No. SUB-1010  
EA 90-162

ORDER MODIFYING LICENSE

I

Sequoyah Fuels Corporation (SFC or Licensee) is the holder of Source Material License No. SUB-1010 issued by the Nuclear Regulatory Commission (NRC or Commission) pursuant to 10 CFR Part 40. The license authorizes the Licensee to possess and use source material for the purpose of refining uranium from uranium ore concentrates and converting this uranium to uranium hexafluoride (UF<sub>6</sub>) for use by enrichment facilities. The license, was most recently renewed on September 20, 1985, and will expire on September 30, 1990, and the licensee has submitted an application for timely renewal.

II

On August 22, 1990, the Licensee notified the NRC that uranium contaminated water had been discovered seeping from under the solvent extraction building into a nearby excavation. The excavation had been dug around two hexane tanks in preparation for enclosing the tanks in a concrete vault. The floor and walks of the vault had been installed and the seepage was discovered in the soil to the south and west sides of the newly constructed vault.

By letter dated August 30, 1990, the Licensee committed to take the following actions prior to the restart of the solvent extraction process:

1. SFC will provide NRC with sufficient information relating to assuring the integrity of the floor and sump of the Solvent Extraction Building to demonstrate that current operations are not contributing to the inventory of licensed material that may have seeped beneath the building.
2. SFC will complete such actions as are necessary to adequately characterize the quantity and location of the pockets of licensed material under or around the Solvent Extraction Building.
3. SFC will identify and check all potential pathways that could contribute to migration of licensed material away from the Solvent Extraction Building.
4. SFC will properly control and maintain contaminated soil and water removed from the excavation north of the Solvent Extraction Building.

In addition, SFC committed that in the very near future, SFC will have an independent party review SFC's entire response to this situation, and a written report of this review and SFC's response to it will be made available for NRC's review. In addition, further commitments establishing a temporary oversight group, additional staff in the health, safety and environment functions, and attention for organizational deficiencies, were made.

On September 14, 1990, based on these commitments, the NRC approved SFC's

restart of the solvent extraction process. Subsequent to the above, on September 14, 1990, SFC reported another discovery of uranium-contaminated water seeping from under the Main Process Building within approximately fifty (50) yards or less of an unrestricted area. The Licensee cannot assure the NRC that all migration pathways to the unrestricted area are known or that the groundwater has not been contaminated through seepage under or around the building.

### III

Based on the above, the NRC is concerned that the ground water and environment in the plant's unrestricted area could be contaminated with uranium contaminated water seeping from underneath the main process building or its environs. Consequently, the public health and safety require that the site be characterized, action be taken to prevent further releases of contaminated water, and appropriate monitoring of ground water be conducted. Therefore, because of such concerns and because of the need to have complete and accurate information, License SUB-1010 is being modified to require the Licensee to obtain information and develop characterization studies regarding the seepage of uranium contaminated water from under the main process building and its environs.

IV

Accordingly, pursuant to sections 62, 161b, 161c, 161f, 161g, 161h and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.204, 10 CFR Part 20, and 10 CFR Part 40, IT IS HEREBY ORDERED, THAT LICENSE NO. SUB-1010 IS MODIFIED AS FOLLOWS:

The Licensee shall within seven (7) calendar days from the effective date of this order:

1. Obtain sufficient information to ensure the integrity of the floor of the Main Process Building and repair the floor as necessary. Minimize process liquids in sumps and on floors. Stop all activities that intentionally place liquids in sumps and on floors until the integrity of sumps and floors has been ensured.
2. Characterize the quantity (volume and activity) and location of licensed material under the Main Process Building floor and outside the Main Process Building, and obtaining, as necessary, soil borings and corings and digging intercept trenches to determine the direction and extent of underground migration.
3. Identify all potential pathways for migration beneath and beyond the Main Process Building, considering the effect of building structures and utilities, the nature and extent of

underground shale and other formations, and construction activities that could have affected the integrity of groundwater barriers.

4. Examine present and past monitoring well data for evidence of licensed material attributable to Main Process Building activities, determining whether the present and past monitoring well program has been adequate, in terms of well location, depth, and sampling, to identify migration from the Main Process Building.
5. Determine whether licensed material is being or has been released beyond the restricted area by migration from the Main Process Building.
6. Develop a plan to identify and characterize other locations on SFC property where past or present operations could have resulted in contaminating the environment.

The Regional Administrator, NRC Region IV, may, in writing, relax or terminate any of the above conditions upon demonstration by the Licensee of good cause.

After reviewing the Licensee's response, the NRC will determine what further action is necessary to ensure compliance with regulatory requirements.

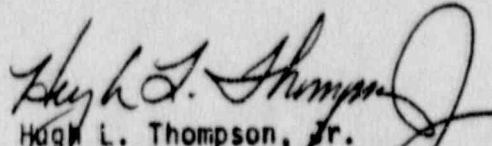
The Licensee or any other person adversely affected by this Order may submit an answer to this Order or request a hearing on this Order within 20 days of the date of this Order. The answer shall set forth the matters of fact and law on which the Licensee or other person adversely affected relies and the reasons why this Order should not have been issued. Any answer filed within 20 days of the date of this Order may include a request for a hearing.

Any answer or request for a hearing shall be submitted to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555. A copy shall be sent to the Assistant General Counsel for Hearings and Enforcement at the same address, and to the Regional Administrator, USNRC Region IV, 611 Ryan Plaza Drive, Suite 1000, Arlington, Texas 76011, and to the Licensee if the answer or hearing request is by a person other than the Licensee. If a person other than the Licensee requests a hearing, that person shall set forth with particularity the manner in which his or her interest is adversely affected by this Order and shall address the criteria set forth in 10 CFR 2.714(d).

If a hearing is requested by the Licensee or a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Order should be sustained.

If no hearing is requested, this Order shall become effective upon the Licensee's consent or upon expiration of the time within which a hearing may be requested.

FOR THE NUCLEAR REGULATORY COMMISSION



Hugh L. Thompson, Jr.  
Deputy Executive Director  
for Nuclear Materials Safety, Safeguards  
and Operations Support

Dated at Rockville, Maryland  
this 19 day of September 1990

Sequoyah Fuels Corporation

Distribution

PDR

SECY

CA

JTaylor, EDO

HThompson, DIT

RMartin, RIV

JLieberman, OE

RBernero, NMSS

Enforcement Coordinators

RI, RII, RIII, RIV, RV

BHayes, OI

EJordan, AEOD

DWilliams, OIG

RCunningham, NMSS

WTroskoski, OE

EA File

Day File

DCS

*EB*  
OE:DD  
EBaker  
9/20/90

EDO  
JTaylor  
9/ /90