

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

In the Matter of)	
)	
SEQUOYAH FUELS CORPORATION	)	Docket No. 40-8027-EA
GENERAL ATOMICS)	
	)	Source Material License
(Gore, Oklahoma Site	)	No. SUB-1010
Decontamination and)	
Decommissioning Funding))	
)	

AFFIDAVIT OF JAMES C. SHEPHERD

STATE OF MARYLAND)	
	)	ss:
COUNTY OF MONTGOMERY)	

James C. Shepherd, being first duly sworn, deposes and says:

1. I am submitting this affidavit in connection with the NRC Staff's Answer to General Atomics' Motion for Summary Disposition or For An Order of Dismissal (Feb. 17, 1994) (Motion).

2. I am employed by the U.S. Nuclear Regulatory Commission as a Project Manager, Office of Nuclear Materials, Safety and Safeguards, Division of Waste Management, Low Level Waste and Decommissioning Projects Branch. I have been employed at the NRC since August, 1991; I was also formerly employed at the NRC in the Office of Research from January 1985 to July 1986 as a project manager. My

responsibilities currently include managing the decommissioning, remediation, and license termination of the Sequoyah Fuels facility licensed by NRC Materials License No. SUB-1010 (License).

3. In connection with the performance of my responsibilities, I have become familiar with the License (Staff Exhibit 1). Staff Exhibit 1 is a true and correct copy of excerpts from the Conditions of the License (License Conditions), which are a part of the License.

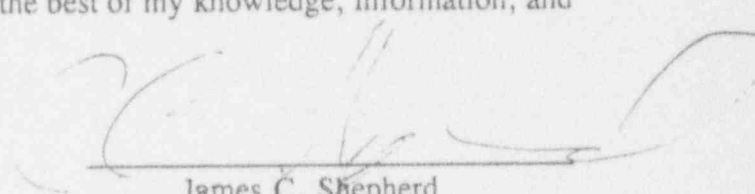
4. Sections 2.1 -- Licensee's Policy -- and 2.2 -- Organizational Responsibilities and Authority -- of the License Conditions, describe the responsibilities of the "Corporate Manager, Health Physics," and "Corporate Director, Licensing, Safety and Nuclear Compliance." Section 2.3 -- Safety Review -- of the License Conditions, describes the independent overview functions to be carried out under the "Corporate Vice President, Human Resources." Section 2.5 -- Personnel Education and Experience Requirements -- of the License Conditions, refers to the above three named positions, as well as the "Corporate Manager of Industrial Safety," as General Atomics positions, and describes their minimum qualifications. Sections 2.7.3, 2.8, 2.9, and 2.10 also describe responsibilities of the Corporate Manager, Health Physics, and/or the Corporate Director, Licensing, Safety, and Nuclear Compliance. Section 3.2.2 -- ALARA Committee -- of the License Conditions, provides that an ALARA Committee shall be established for the Sequoyah Fuels facility, and shall consist of members including named General Atomics personnel, one of whom shall serve as chairman.

5. The activities and qualifications described in the above sections of the License Conditions come within the scope of, and are subject to, the License.

6. General Atomics personnel have acted in the capacities described in the License Conditions, and have engaged in activities that are subject to the License.

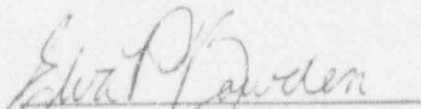
7. Changes regarding the positions specified in the License Conditions, including, but not limited to, the removal of the named General Atomics positions now in the License Conditions, and any modification of activities described in the License Conditions, would require the NRC's approval of a request for a license amendment.

The foregoing is true and accurate to the best of my knowledge, information, and belief.



James C. Shepherd

Subscribed and sworn to before me this 13th day of April, 1994.


Notary Public

My Commission Expires 12/1/95

March 19, 1992

Ivan Selin, Chairman
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Commitment of General Atomics to Sequoyah Fuels
Corporation

Dear Mr. Chairman:

I would like to take this opportunity to supplement the record of the Commission meeting on March 17, 1992 and confirm similar commitments I expressed to you during your March 10 public meeting and related visit to the Sequoyah facility, regarding General Atomics' (GA) support for its wholly owned subsidiary, Sequoyah Fuels Corporation (SFC).

As I stated on both occasions, SFC is integral to GA's plans to an expanded involvement in the nuclear industry. Accordingly, GA will do everything necessary to assure that SFC's performance is in full compliance with its obligations to NRC, other governmental entities, its employees and the community of which it is a vital part.

GA's financial support for the improvement of environmental and safety practices is already a matter of record. As I have advised you and the other Commissioners, GA is committed to supporting SFC's planned program of sustained capital investment to provide further environmental remediation and improvement. Funds for this purpose will come from the strong cash flows generated by SFC when operations are resumed and GA is prepared to back these activities if operational revenues prove insufficient.

To summarize the highlights of our commitments to the support of SFC's operations:

- (1) SFC complies fully with all present regulatory requirements to provide financial assurance for the decommissioning of the facility. Further, GA supports SFC's program to minimize or prevent any adverse environmental effects resulting from SFC's future operations and to remediate existing environmental concerns on a reasonable schedule as may be agreed to by SFC, the NRC and other governmental entities. SFC should be able to fund these programs from current revenues when operations are resumed. Should those revenues prove insufficient, the associated commitments will be fulfilled by GA.

- (2) The longer term program to decontaminate and decommission the SFC facility will be backed by such guarantees from GA as may be required to satisfy NRC regulations. This is a matter which will be determined in connection with the NRC's action on the pending SFC license renewal application. SFC's renewal application utilizes alternative financial mechanisms permitted under the regulations. However, GA is prepared to provide its guarantee or financial support, if that proves necessary.
- (3) In addition to financial support and guarantees, GA will continue to provide the necessary management and quality assurance resources to support SFC's operations and assure full regulatory compliance. Specifically:
 - a. As described by Mr. Sheppard and Dr. Dean, GA will maintain close general oversight of GA's activities through the expanded SFC Board and its highly qualified, unique Nuclear Committee. As a senior manager of both GA and SFC, Dr. Dean will strengthen the interface between the companies. He will devote at least 3 days per month to SFC activities; some part of that time will be devoted to monthly visits to the SFC site over the next year. I will receive timely reports from Dr. Dean regarding any concerns which may arise from SFC's performance and to identify additional financial and technical resources as may be required to meet NRC requirements and GA's own expectations for high standards of performance. You may be assured of my personal commitment in this regard.
 - b. In response to Commissioner Curtiss' questions, SFC is supplying the Commission with additional information regarding SFC's QA program, including GA's participation. However, I want to emphasize that GA is committed to providing substantial resources in this vital area. In 1991, GA performed 40 procedural QA audits at SFC. This involved substantial commitments from GA's Corporate Health Physics Manager and a significant

Ivan Selin, Chairman
March 19, 1992
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effort by GA's Corporate Industrial Safety Manager. While I believe that there is general agreement that SFC's overall Quality Assurance program is sound in concept, the program is undergoing a significant upgrade which will be accelerated by a work force augmentation. Pending the hiring of additional, permanent SFC personnel, I have directed that GA's Quality Systems Manager, Mike Dunlap, be assigned as an interim QA Manager at SFC. He will report on March 23 and will be on-site full-time beginning April 6. Additionally, we have identified a GA senior engineer who will be on board full-time beginning March 24. In April, GA intends to further augment the SFC program with two QA personnel who have experience in the health physics and/or environmental areas. This commitment of interim resources will continue until SFC is satisfied that its QA Upgrade Program and permanent staffing are adequately in place.

I appreciate this opportunity to supplement the record with respect to GA's commitments to the support of SFC. We provide these assurances not only to assure that the NRC's requirements are met but also because it is in GA's self interest to assure that SFC's operations are conducted with the highest regard for the environment, the health and safety of the public and the workers at SFC. Successful performance at SFC can only enhance GA's reputation and, hence, contribute to its plans for a significant role in a growing nuclear industry.

Sincerely,

J. Neal Blue
Chairman

cc: James R. Curtiss
E. Gail de Planque
Forrest J. Remick
Kenneth C. Rogers

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

DOCKETED
USNRC

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD APR 14 P 3:00

In the Matter of)	
	)	OFFICE OF SECRETARY
	)	DOCKETING & SERVICE
SEQUOYAH FUELS CORPORATION	)	BRANCH
GENERAL ATOMICS)	
	)	Docket No. 40-08027-EA
)	
	)	Source Material License
(Gore, Oklahoma Site Decontamination	)	No. SUB-1010
and Decommissioning Funding))	
)	

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing "NRC STAFF'S ANSWER IN OPPOSITION TO GENERAL ATOMICS' MOTION FOR SUMMARY DISPOSITION OR FOR AN ORDER OF DISMISSAL" in the above-captioned matter have been served on the following by deposit in the United States mail, first class, or as indicated by asterisk through deposit in the Nuclear Regulatory Commission's internal mail system this 13th day of April, 1994:

James P. Gleason, Chairman*
Administrative Judge
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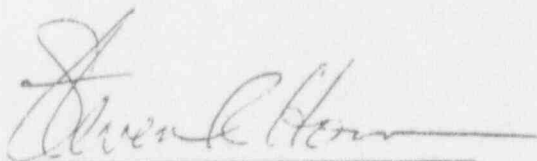
Betty Robertson
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Vian, OK 74962

Mr. John R. Driscoll
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Lance Hughes, Director
Native Americans for a Clean
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P.O. Box 1671
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Steven R. Horn
Counsel for NRC Staff