

JAN 14 1991

Mr. Reau Graves, Jr.
President
Sequoyah Fuels Corporation
P.O. Box 610
Gore, Oklahoma 74435

Dear Mr. Graves:

This letter is in response to your December 18, 1990, letter and the attached proposal for an impartial management appraisal of Sequoyah Fuels Corporation (SFC). This letter also confirms our telephone conversation of January 7, 1990, in which we requested that an individual with specific management expertise be utilized for the management appraisal.

Your proposal indicated that Dr. Bernard Keys would be available "in the event special expertise in management is needed to help perform the appraisal." Because we are concerned about the management organization at Sequoyah Fuels and the management oversight of day to day operations, we feel that Dr. Bernard Keys should be a primary participant in conducting the appraisal. It appears that Messrs. Morton and Potter have good qualifications for the technical appraisal, and we are pleased that you are going significantly beyond NRC's request by planning for the technical appraisal as well. Based on the understanding that Dr. Keys will be a primary participant, we find your proposal responsive to our concerns and agree with the general outline for the assessments. The Office of Nuclear Material Safety and Safeguards (NMSS) concurs with our finding.

In the event you decide to use any other individuals on the management appraisal team, we request that you provide us with their resumes so that we might evaluate their qualifications.

As we discussed, you intend to fully comply with all the conditions in Section V.B of the Demand for Information. I understand that you have already directed the independent organization to submit, to the Region IV Administrator, a copy of the final appraisal report within 6 months and 30 days of the date of this letter at the same time the report is sent to you or any of your employees or your contractors.

Please note that we will reply more completely, in separate correspondence, to the issues raised in SFC's December 7, 1990, response to the Demand for Information.

If you have any questions regarding this letter, feel free to call me.

Sincerely,

A. Bill Beach, Director
Division of Radiation Safety
and Safeguards

bcc: (see next page)

*RIV:NMLS GMVasquez/ch / /91	*C:NMLS WLFisher / /91	*DD:DRSS LAYandell / /91	NMSS <i>Per telecon</i> CJHaughney 1/14/91	D:DRSS ABeach 1/14/91	DRA <i>AM</i> JMMontgomery 1/13/91
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*Previously Concurred

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Mr. Reau Graves, Jr.

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bcc:

RD Martin
LAYandell
CL Cain
RIV File
DMB

AB Beach
WLFisher
GM Vasquez
NMLS Files