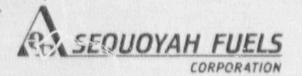
RE: 90159-N

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October 10, 1990

Certified Mail Return Receipt Requested

Mr. Robert D. Martin Regional Administrator U.S. NUCLEAR REGULATORY COMMISSION Region IV 611 Ryan Plaza Drive, Suite 1000 Arlington, Texas 76011

Dear Mr. Martin:

In my letters to you of August 30, 1990 and September 13, 1990, Sequoyah Fuels Corporation (SFC) committed to have an independent party review its entire response to the solvent extraction area contamination situation. In response to this commitment, on September 28, 1990 I sent you the "Independent Review of SFC Response to Incidents and Events," as conducted by Dr. James A. Buckham of Pickard, Lowe and Garrick, Inc. Enclosed with this letter please find SFC's responses to the recommendations in Dr. Buckham's report.

Should you have any questions, please contact me at 918/489-3206.

Sincerely,

Reau Graves, Jr. President

RG: W

Enclosure

xc: B. John Garrick James A. Buckham

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SEQUOYAH FUELS CORPORATION'S

RESPONSE TO THE RECOMMENDATIONS IN THE

"INDEPENDENT REVIEW OF SFC RESPONSE TO INCIDENTS AND EVENTS"

1. Recommendation:

Until NRC reporting requirements are officially changed, SFC should err on the side of reporting all events that occur from an accident or unexpected event that might be covered by 10 CFR 20.403, but not those events expected to recur (e.g., equipment tripouts) unless these events might have ccused a reportable exposure or release.

SFC Responset

SFC agrees with the recommendation, and has already begun implementation, as evidenced by its communications with Region IV regarding the valve stem failure and fire water line rupture events of 9-27-90.

2. Recommendation:

SFC should begin reporting by telephone to Region IV all events that will require reporting under the proposed regulation within the time frames specified in the proposed regulation, even though that regulation is not yet in effect.

SFC Response:

SFC agrees with the recommendation and intends to implement it. Time and effort will be required for SFC to fully understand the implications of the proposed regulation as it relates to the types of events that may occur at SFC, and to perform required training and procedure development work.

3. Recommendation:

SFC and Region IV should establish an unofficial, informal communication system through which specific advice on reporting can be obtained during the 24-hour interval. This could be, for example, a phone call from Mr. Lacey to a knowledgeable individual at Region IV in which the situation is explained and discussed with the NRC to formulate an acceptable and correct plan of action.

SFC Response:

SFC agrees with the recommendation and is implementing it. Just such exchanges occurred between SFC's Lee Lacey and NRC Region IV's Bill Fisher regarding the two events described in SFC's response to Recommendation No. 1, above.

4. Recommendation:

Require sign-off on the DCA **prior** to initiating work on every project performed by cutside contractor as is now the case with work performed by SFC maintenance personnel. Near-final project drawings should be available to those signing the DCA.

SFC Response:

SFC agrees with the recommendation. SFC procedures will be revised to require DCA sign-off prior to initiating work in all cases. Near-final project drawings will be made available to those signing the DCA, as applicable. These actions should be implemented by the end of October.

5. Recommendation:

Prepare a generalized written procedure covering all safety-related aspects of excavations on the facility site, including required sampling and analyses for uranium, necessary communications, action levels, and steps to be taken to initiate remedial actions if uranium is encountered.

SFC Response:

SFC agrees with the recommendation. An excavation permit procedure is being prepared. This procedure should be reviewed, approved, and implemented by the end of October.

6. Recommendation:

Management should take overt action to make all employees aware of the importance of controlled and contained handling of uranium compounds in all of its activities. This action should include direction on how to determine if an activity or observation is important when the employee is uncertain.

SFC Response:

SFC age es with the recommendation. Department Managers will special meetings with their employees in the Octobe a ember time frame to emphasize the importance of controlled and contained handling of uranium compounds. Direction on how to determine if an activity or observation is important will be covered in these meetings. Additionally, this area will receive emphasis in future annual refresher training sessions, and during supervisors' offsite conferences.

7. Recommendation:

Management should take overt action to encourage open communication of pertinent information and to discourage failure to do so at all levels of the organization.

SFC Response:

SFC agrees with the recommendation. In a letter addressed to each SFC employee on September 10, 1990, Reau Graves emphasized the importance of promptly reporting to management when events, near-misses, or important observations occur. Open communications was further emphasized strongly by Mr. Graves in a meeting with SFC management personnel later that same week. The subject will be further addressed during annual refresher training and during supervisors offsite conferences.

8. Recommendation:

Modify the Serious Incident Reporting system to include all occasions on which an unexpected hazard is discovered or an unusual situation is encountered that could lead to safety or environmental problems.

SFC Response:

SFC agrees with the recommendation. A revision to the incident reporting system is being prepared to include discovery of safety hazards or environmental problems.

9. Recommendation:

Management should encourage a team spirit and be tolerant of flexible divisions of responsibility in execution of work and be tolerant of "interference-type" suggestions.

SFC Response:

SFC agrees with the recommendation. Because this is a cultural issue, SFC recognizes that a continuing effort will be required to instill this change. It will be addressed during the special meetings described in the response to Recommendation No. 6, and will be reinforced during annual refresher training and during supervisors' offsite conferences.

10. Recommendation:

It is recommended that SFC implement a root cause determination for every incident and implement whatever corrective actions are appropriate as indicated by such determinations.

SFC Response:

SFC agrees with the recommendation, and will incorporate the requirement for a root cause determination into its incident reporting system.