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OFFICE OF SECRETARY
DOCKETING & SERVICE

June 15, 1994

Steven R. Hom, Esq.
Office of General Counsel
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Sequoyah Fuels Corporation and General Atomics
(Gore, Oklahoma Site), Docket No. 40-8027-EA

Dear Steve:

On June 6, Steve Duncan (representing General Atomics (GA)) and John Matthews and I (representing Sequoyah Fuels Corporation (SFC)) met with you to discuss the two discovery requests served by the NRC staff on SFC and GA on May 27, 1994. The purpose of the meeting was to ascertain whether agreement could be reached on clarifications or refinements of the two requests in order to avoid unnecessary effort on the part of GA and SFC in responding to the requests while still satisfying the NRC staff's objectives. Subsequent telephone conversations on these subjects were held among the three parties.

This letter, including Enclosures (1) and (2), states the mutual understandings of the parties on clarifications and refinements of the NRC Staff's discovery requests.

Enclosure (1) reflects the understandings of the parties regarding the May 27, 1994, discovery request addressed to SFC. Under the headings of "Instructions," "Interrogatories," and "Document Production," the paragraph numbers refer to corresponding numbered paragraphs in the discovery request addressed to SFC.

The understandings stated in Enclosure (1) also apply to the equivalent paragraphs in the May 27, 1994, discovery request addressed to GA. The additional understandings stated in Enclosure (2) also apply to the discovery request addressed to GA.

As stated under the heading of "Instructions" in Enclosure (1), the periods to respond to the NRC Staff's interrogatories and document production requests will begin as of

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June 15, 1994. The SFC and GA responses will contain any remaining objections of SFC and GA, respectively, as well as any claims of privilege.

Please contact me and Steve Duncan if this letter, including its enclosures, does not accurately reflect our mutual understandings.

Sincerely,



Maurice Axelrad

/tg

Enclosures: (2) As Stated

cc: Stephen M. Duncan, Esq.
Service List

Understandings Regarding NRC Staff's
Discovery Request to SFC (May 27, 1994)

Instructions

- #3. The location where documents will be produced will be determined later when the types and volume of materials are known. The 30-days period for production of documents will begin to run on June 15, 1994.
- #7. Documents do not need to be identified according to file(s), as long as SFC keeps track of file location for retrievability.
- #8. If the responsive portion of a document is a small portion of a lengthy document, SFC may not need to produce the entire document initially, as long as it remains available if later requested by the NRC Staff. SFC will identify the name and number of pages of any document not produced in its entirety.
- #11. Only documents in existence through October 15, 1993 need to be produced at this time. The NRC Staff reserves the right to request subsequent documents. GA and SFC reserve the right to object.
- #14. The 14-days period to respond to interrogatories will begin to run on June 15, 1994.

Interrogatories

Interrogatory #1

The term "supervisor" is deleted and the term "manager" is substituted.

As in the case of document production, at this time the interrogatory need be answered only through October 15, 1993.

The address and telephone number to be provided will be the current business address and number, or the last one known to SFC, subject to any restrictions under the privacy provisions of applicable State law. If no current address is provided, at the NRC Staff's request, SFC will provide such information as it may have available to assist the NRC Staff in contacting the individual.

Interrogatory #2

Limit to current employees of SFC or any former employee that SFC presently knows is within the requested category.

Limit SFC employees to directors, officers and managers and employees who report directly to such positions.

As in the case of document production, at this time this interrogatory need be answered only through October 15, 1993.

Whether the SFC employee performed a duty at someone's direction will be determined by whether the employee received such "direction" from someone in his chain of command within SFC or whether he feared for his job if he did not perform in accordance with the "direction."

The term "entity not including SFC" is limited to GA; any parent, subsidiary or affiliate of GA; any other entity established by any of the above; or any other entity acting on behalf of or at the request of any of the above. It does not include the NRC or any other regulatory agency, nor any entity providing personnel in the normal course of business under contract to SFC.

The term "person not employed by SFC" is limited to a director, officer, employee, agent, representative, shareholder or owner of an "entity not including SFC."

Interrogatory #4

This interrogatory is expanded to request facts in support of SFC's assertion that "SFC would be entitled to an exemption from [10 C.F.R. § 40.42(c)(2)(iii)(D)]," in paragraph 1 on page 15 of SFC's Answer and Request for Hearing.

Document Production

Request #1

Tax returns will not be produced until an appropriate protective agreement is executed and a protective order issued by the Licensing Board.

This comment also applies to any other documents requested by the NRC Staff for which SFC claims confidentiality.

Request #2

SFC need not produce any document previously provided to the NRC, but will identify the document and when it was provided to the NRC. If the document cannot be located in NRC files, SFC will produce a copy at the request of the NRC Staff.

This comment also applies to any other documents requested by the NRC that has previously been provided to the NRC.

Request #3

The term "relationships" means "corporate legal relationships."

Request #4

Add the words "for SFC" before "all."

The term "financial statements" has the accepted corporate meaning and does not include working papers.

The term "reports" in paragraph b. is limited to standard corporate reports.

Under paragraph e., SFC will produce the minutes of meetings of any committees of its board of directors.

SFC will also provide a list of any other SFC committees that maintain minutes, including a statement as to whether such minutes have been subject to NRC inspection. Such minutes need not be produced unless a subsequent request is made by the NRC Staff.

Request #3

In response to this request at this time, with respect to GA, SHC or SFIC, SFC need only produce the inter-company agreements or other documents between SFC and GA, SHC and SFIC that establish or explain the methodology for payments for services provided by any person who performed duties, work, or assignments on behalf of SFC. No documents relating to specific payments under these arrangements need be provided at this time. If there are any payments outside the scope of these arrangements, SFC will provide documents relating to such payments.

The term "any other non-SFC person or entity" can be ignored unless any such payments have been made by any other parent, subsidiary or affiliate of GA, or by any other entity on behalf of or at the request of GA, SHC, SFIC or any of the above.

Request #5

The term "indirect management" means management by GA through another corporation, entity or person.

This request does not include documents relating to any management action by any director, officer or manager identified in the response to Interrogatory #1.

The term "supervision" is deleted.

Request #7

The phrase "pursuant to direction by GA" is added after the word "objectives."

Request #8

The term "person performing duties, work, or assignments on behalf of SFC" is limited to directors, officers or managers.

The phrase "relating to such performance" is changed to "directing such performance." Whether a communication to an individual directed his performance will be determined by whether the individual received such "direction" from someone in his SFC chain of command within SFC or whether he feared for his job if he did not perform in accordance with the "direction."

The term "any other non-SFC entity or person" means any parent, subsidiary or affiliate of GA (in addition to SHC and SFIC); any other entity established by any of the above; any director, officer, employee, representative, agent, shareholder or owner of any of the above; and any entity or person providing direction to SFC on behalf of or at the request of any of the above.

This request does not include documents relating to any communication from any director, officer or manager identified in the response to Interrogatory #1.

Request #10

This request does not include any documents relating to payments among SFC, GA, SHC or SFIC in accordance with the inter-company arrangements produced under Request #5, nor to any payments between SFC and ConverDyn in accordance with the agreements between SFC and ConverDyn that have been previously provided to the NRC.

This request includes, but is not limited to, the sale of any equipment or other assets by SFC to the entities mentioned in Request #10 or the payment of any dividends by SFC to such entities.

Additional Understandings Regarding NRC Staff's
Discovery Request to GA (May 27, 1994)

General Matters

As a general proposition, General Atomics (GA) continues to object to all discovery by any party on any matter not directly related to the issue of the jurisdiction of the Nuclear Regulatory Commission over GA, all as set forth in GA's Motion for Summary Disposition or for an Order of Dismissal. GA further reserves its right to once again seek an order limiting discovery to that subject. For the time being, and pursuant to the Atomic Safety and Licensing Board's Order of April 28, 1994, GA will in good faith respond to the NRC Staff's First Request for Production of Documents and First Set of Interrogatories with the same understandings described in Enclosure (1) and with the additional understandings described in Enclosure (2).

Interrogatories

Interrogatory #1

Since GA, Sequoyah Fuels International Corporation (SFIC), Sequoyah Holding Corporation (SHC), General Atomic Technologies Corporation and General Atomic Energy Services Corporation do not have "line" organizations like those associated with traditional manufacturing or service companies, the term "supervisor" is restricted to certain low-level employees. The name, address, telephone number, position, title and dates of service of current officers, directors, and employees who carry the title "Supervisor" (including employees who are senior to such "Supervisors") and who have been in contact with SFC or involved in SFC-related work, will be provided. Similar information regarding (other than the names of) former officers, directors and employees need not be provided if restricted by the privacy provisions of California or other applicable state law.

Document Production

Request #4

In addition to the understandings on Request #4 which are described in Enclosure (1), GA further understands that request refers only to the annual reports, minutes, etc., in which the subject of SFC (and not subjects relating to the other aspects of GA's work, e.g., nuclear fusion research) is discussed or which relate to SFC or ConverDyn.

RELATED CORRESPONDENCE

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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ATOMIC SAFETY AND LICENSING BOARD

OFFICE OF SECRETARY
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BRANCH

In the Matter of)

SEQUOYAH FUELS CORPORATION)
and GENERAL ATOMICS)

(Sequoyah Facility))

Docket No. 40-8027-EA

CERTIFICATE OF SERVICE

I hereby certify that copies of the letter from Maurice Axelrad to Steven R. Hom, Esq. dated June 15, 1994 were served upon the following persons by deposit in the United States mail, first class postage prepaid and properly addressed on the date shown below:

Office of the Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555
Attention: Docketing & Service Branch
(Three copies)

Office of Commission Appellate Adjudication
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge James P. Gleason, Chairman
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Administrative Judge G. Paul Bollwerk, III
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Administrative Judge Jerry R. Kline
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Administrative Judge Thomas D. Murphy
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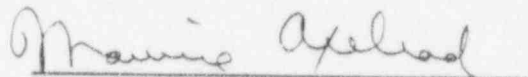
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Dated this 15th day of June, 1994.


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