



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20665

OCT 03 1991

Docket No. 40-8027
License No. SUB-1010
EA 91-067

Sequoyah Fuels Corporation
ATTN: James J. Sheppard
President
Post Office Box 610
Gore, Oklahoma 74435

Gentlemen:

SUBJECT: ORDER MODIFYING LICENSE (EFFECTIVE IMMEDIATELY) AND DEMAND FOR
INFORMATION

The enclosed Order Modifying License (Effective Immediately) and Demand for Information is being issued to the Sequoyah Fuels Corporation (SFC) to address a number of significant safety violations and regulatory problems identified at the facility by NRC inspections and investigations that have been conducted since the August 1990 solvent extraction tank excavation. This Order and Demand is based on the NRC's conclusions that certain SFC managers failed to follow NRC requirements and the conditions of the NRC license, that a certain SFC employee made false statements and withheld information from the NRC, and that your Health & Safety and Environmental Programs are in need of substantial improvement to assure the health and safety of the general public, SFC employees, contractor personnel who work at the site, and protection of the environment.

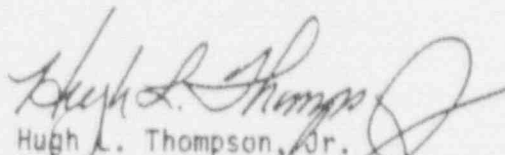
This Order modifies SFC's license to remove Carolyn L. Couch from supervisory or managerial responsibilities over NRC-regulated activities for a period of one year from the date of the enclosed Order, effective immediately. Additionally, if Ms. Couch remains involved in NRC-regulated activities, she is not to be supervised by any of the individuals named in the Demand for Information. You are also required to perform an in-depth review of the administrative control and implementing procedures in your Health & Safety and Environmental Programs by qualified personnel from outside SFC approved by the NRC. A plan that provides for an appropriate scope of the review and prioritization of items to be covered, along with an implementing schedule, must be submitted to, and approved by, the NRC prior to your restart from the September 1991 plant shutdown.

While the NRC cannot conclude that other SFC managers provided false information, there are serious questions as to whether the Senior Vice President, the Vice President of Regulatory Affairs and the Health Physics Supervisor, who have not assured that past licensed or safety responsibilities were carried out, can in the future, adequately perform the organizational responsibilities and authorities, especially those outlined in SFC's License. Therefore, you are required to respond to the enclosed Demand for Information in accordance with the instructions provided therein. This information is necessary to determine whether to modify, suspend or revoke your NRC License, and whether to renew your License.

Questions concerning this Order and Demand for Information should be addressed to James Lieberman, Director, Office of Enforcement, who can be reached at (301) 492-0741.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice", a copy of this letter and the enclosure will be placed in the NRC's Public Document Room.

Sincerely,



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

Enclosure: As Stated

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