

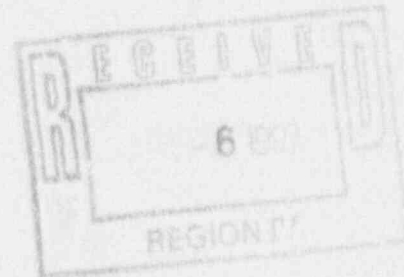
Docket: 40-8027
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VIA FAX

30 March 1992

Mr. Robert D. Martin
Regional Administrator
U. S. Nuclear Regulatory Commission
Region IV
611 Ryan Plaza Drive, Suite 1000
Arlington, TX 96011



Dear Mr. Martin:

I am writing to bring to your attention an issue of extreme importance to the continued production at Aerojet Ordnance Tennessee (AOT). Aerojet produces 105mm and 120mm penetrators from depleted uranium (dUF_4). These penetrators are incorporated into anti-tank munitions and delivered to the U. S. Army to replace ammunition expended during Desert Storm. We are currently in production around the clock, seven days per week, to fulfill U. S. Army requirements for penetrators on these programs. Because of this unusually high level of production, our existing supply of dUF_4 will be exhausted by April 30, 1992, causing us to discontinue our foundry production. Our continued production is dependent on receiving supplies of dUF_4 . The Gore, Oklahoma facility of Sequoyah Fuels Corporation (SFC) is our only current supplier of dUF_4 .

The NRC modified SFC's license to operate on October 3, 1991, and since that time your staff has been very actively involved in monitoring SFC's actions. SFC informs us that it cannot produce and ship dUF_4 because of this Order. It is our understanding that the Gore facility has two separate manufacturing areas. Natural uranium hexafluoride (UF_6) is produced in one area, and SFC converts depleted uranium hexafluoride (dUF_6) into dUF_4 for Aerojet in the other area. These operations are located in separate buildings and operate independently other than for some shared utilities. It is our further understanding that the dUF_4 conversion operations were not the basis for the NRC issuing its Order in October. If this understanding is correct, and given that the two operations are separate, we would appreciate your consideration of allowing the dUF_4 operation to be restarted.

Please understand that the purpose of this letter is to make you aware of AOT's business concerns relating to dUF_4 . We understand and fully appreciate the need for NRC's careful approach in regulatory matters. It is not our intent here to "take sides" or otherwise influence the regulatory process. As our continued operation is dependent on the supply of dUF_4 , and given that the first delivery would not occur for three to four weeks after restart, we appreciate your earliest consideration of this matter.

Very truly yours,

W. Curtis Burnette

W. Curtis Burnette
Vice President/General Manager

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