

50-332
70-1193
40-8027
40-6622

November 1, 1971

L. Manning Muntzing
Director of Regulation

SHOW CAUSE STATEMENTS

Show cause statements required in accordance with Section E of Appendix D, 10 CFR 50, have been received from the four materials licensees affected. We have attempted to evaluate the incremental impact on the environment that could result from the continuation of construction or operation of these plants until such time as the full environmental review required under NEPA can be completed. We find that there are deficiencies in the information submitted for each case which prevents us from completing our evaluation.

The status of each case is discussed in the enclosure.

Original Signed by
Richard E. Cunningham

Richard E. Cunningham
Acting Director
Division of Materials Licensing

Enclosure:
Status of each case

cc: CLBendersaa, DR
LRRogers, RFP
HKShaper, OGC

bec: BANussbaumer
RBChitwood
CRBuchanan
JCMalare
DR R/F
DML R/F
RECunningham R/F

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PDR ADOCK 04008027
C PDR

OFFICE # DML:ADIR.

SURNAME # RECunningham/ha

DATE # 11/1/71

STATUS OF SHOW CAUSE STATEMENTS

Materials Licenses

Allied-Gulf Fuel Refining Plant. Allied-Gulf was issued a construction permit on December 18, 1970. The plant is currently in the early stages of construction with completion expected by the summer of 1973. The applicant expects to start on-site and put up walls for the main structure over the next six months while the environmental review is being completed. The show cause statement is deficient in that it does not fully explain the economic impact of suspending construction until completion of the NEPA review. We have been in touch with Allied-Gulf on this point and they promised further information within the next few days.

Utah Construction, Alvinator Company Storage Mill. The licensee's uranium mill has been in operation since January 1971. The show cause statement was deficient in that it did not provide quantitative information about the incremental environmental impact of operation over the next six months and the economic impact of closing the mill until completion of the full NEPA review. We have been in touch with the licensee about these deficiencies and expect further information within the next few days.

Kerr-McGee Plutonium Fuel Fabrication Plant. The plutonium fuel fabrication plant has been in operation since April 1970. The plant went into operation before we required any environmental report under the old ground rules. The licensee's show cause statement is very superficial and does not serve as a basis for reaching any conclusion about the incremental environmental impact or the economic impact of suspending operations during the period necessary to complete a NEPA review. Part of this problem is attributable to there not being an existing environmental report upon which we can make a comparative analysis. We believe it will be necessary to meet with the licensee to explain in some detail the type of information which will be necessary to reach a decision about the show cause statement. Since the licensee has a plant in operation and has had no prior experience with our NEPA requirements, we believe it is appropriate to meet with the licensee within the next few days to discuss what we will need and require supplemental information within the next ten days.

Kerr-McGee UFG Production Plant. The UFG production plant has been in operation since February 1970. Its status with respect to the show cause statement is the same as described above for the Kerr-McGee Plutonium Fuel Plant. We recommend the same course of action.