

OCT 23 1986

In Reply Refer To:  
Docket: 40-08027/86-09  
License: SUB-1010

Sequoyah Fuels Corporation  
ATTN: J. C. Stauter, Director  
Nuclear Licensing and Regulation  
Kerr-McGee Center  
Oklahoma City, Oklahoma 73125

Gentlemen:

This refers to the special, announced inspection conducted by Messrs. Lorenzo Wilborn and Wesley L. Holley of this office during the period August 24 through September 12, 1986, of activities authorized by NRC Source Material License SUB-1010 and to the discussion of our findings with members of your staff at the conclusion of the inspection. The enclosed NRC Inspection Report 40-08027/86-09 documents this inspection.

The purpose of the inspection was to review your efforts during pre-startup testing of certain plant processes and cleanup activities associated with these same processes. In addition, allegations of a bulging product cylinder and unauthorized distribution of ammonia nitrate were examined. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspectors.

Within the scope of the inspection, no violations or deviations were identified.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

Original Signed By:  
WILLIAM L. FISHER

William L. Fisher, Chief  
Radiological and Safeguards  
Programs Branch

Enclosure:  
Appendix - NRC Inspection Report  
40-08027/86-09

cc w/enclosure:  
Oklahoma Radiation Control Program Director

RIV:NMSS *lw*  
LWilborn/lc  
10/14/86

NMSS *WHL*  
WLHolley  
10/14/86

C:NMSS *WHL*  
RJEverett  
10/20/86

C:R&SPB *WHL*  
WLFisher  
10/20/86

D:DRS *WHL*  
RLBangart  
10/21/86

AC *WHL*  
MEEmerson  
10/22/86

8610310186 861023  
PDR ADOCK 04008027  
C PDR

1107  
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Sequoyah Fuels Corporation

- 2 -

FEMA Region VI  
ATTN: J. Overmyer  
Federal Regional Center, Rm 206  
Denton, TX 76201

EPA Region VI  
ATTN: R. Rhoades  
1201 Elm Street  
Dallas, TX 75270

OSHA Region VI  
ATTN: T. Littrell  
555 Griffin Square Bldg.  
Dallas, TX 76202

bcc: DMB - Original (IE-07)  
RDMartin  
JHFrye, III, ASLBP  
RJEverett  
DWeiss, LFMB (AR-2015)  
SLewis, OGC  
\*MIS System  
\*RIV Files (2)  
\*NMSS  
\*RSTS Operator

RLBangart  
DAPowers  
CLCain  
EFlack, IE  
LPDR -- Sallisaw City Library  
ATTN: Ms. O. J. Grosclaude  
101 E. Cherokee  
Sallisaw, OK 74955  
MEmerison (2)

\*w/766