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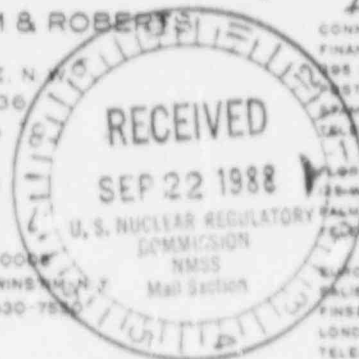
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September 16, 1988



Mr. W. Scott Pennington  
U.S. Nuclear Regulatory Commission  
Uranium Fuel Licensing Branch  
Division of Fuel Cycle & Material Safety  
Office of Nuclear Material Safety & Safeguards  
11555 Rockville Pike  
Room 6C13  
Rockville, MD 20852

Dear Mr. Pennington:

Enclosed please find a revised draft of the letter and application relating to the Sequoyah Facility. I have also enclosed a copy of a transmittal memorandum to Jim Edwards which describes the major changes.

We have incorporated all of the changes to the August 1 draft that you discussed with Chuca Meyer and me on the telephone, other than the change of the Chairman of the ALARA Committee. General Atomics intends to designate the Corporate Manager of Health Physics as the Chairman of the ALARA Committee based upon his experience and expertise in the area of radiological health and safety.

Thank you for your assistance in this matter. If you have any questions, please give Chuca or me a call.

Sincerely,

*Louisa B. Popkin*

Louisa B. Popkin  
Legal Assistant

Enclosures

cc: James R. Edwards

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add info

September 16, 1988

MEMORANDUM

FROM: CHUCA MEYER  
LOUISA POPKIN

TO: JAMES EDWARDS

Re: Changes in the Draft NRC  
Letter and Application

Enclosed please find a new draft of the NRC letter and application. This draft incorporates the comments of GA, Kerr-McGee and the NRC on our prior draft. The principal changes are as follows:

- (1) The description of the organizational responsibilities and authority of the Corporate Manager, Licensing, Safety and Nuclear Compliance, p. 2-2, was combined with the description of the same position on prior p. 2-4.
- (2) The sentences "He is responsible ... executives directly affected." have been added to the organizational responsibilities and authority description of the Manager, Health Physics and Industrial Hygiene on p. 2-5.
- (3) One sentence was added to the description of the responsibilities of the Manager, Health, Safety and Environment and the Manager of Administration and Services to incorporate License Condition 29 (pgs. 2-5 and 2-7) (NRC comment).

- (4) The description of the organizational responsibilities and authority of the Manager of Procedures and Training was added on p. 2-8.
- (5) The descriptions of the education and experience requirements of the Vice President of Human Resources, Manager, Health Physics, and Manager of Industrial Safety have been added on p. 2-11.
- (6) The paragraph "Each employee shall ... their job function." was added to incorporate License Condition 28 (p. 2-15). (NRC comment)
- (7) The sentences "The maintenance supervision ...updating plant drawings." were added to incorporate provisions in Amendment 17 (p. 2-19). (NRC comment)
- (8) The sentence "A report of ... Fuels General Manager." was added to the paragraph "The Manager, Quality Assurance ...taken where indicated." to incorporate License Condition 31 (p. 2-21). (NRC comment)
- (9) The paragraph "All documentation records ... so require regulations." was added to incorporate License Condition 33 (p. 2-23). (NRC comment)
- (10) To reflect the current practice of solid waste disposal, the sentences "Solid wastes generated ... shipped off site." were added to the paragraph "Contaminated equipment and ... shipped off site." (p. 5-3). (NRC suggestion to use language from November 13, 1986 letter to the NRC)
- (11) Brenda B. Dawson's title was changed to Assistant Secretary as well as Coordinator of Legal Services on p. 9-1.
- (12) "Member, Board of Directors" was added to R. Graves' titles on p. 11-2.
- (13) The description of the Procedures and Training Department was added on p. 11-3.
- (14) Ronald J. Bott's resume was changed on pages 11-13 and 11-14.
- (15) The resume of Leticia K. Alfonso was deleted from Chapter 11.

- (16) Sam R. Fryer's resume was changed on p. 11-26.
- (17) The resume of Glenn M. Barton was added on p. 11-28.
- (18) The resumes of J.P. Shore, Carl A. Porter and Stanley Teel were deleted from Chapter 11.

If you have any questions or comments, please let us know.

C.M.  
L.B.P.

Enclosure

[Sequoyah Holding Corporation letterhead]

[DATE]

Mr. Leland C. Rouse, Chief  
U.S. Nuclear Regulatory Commission  
Uranium Fuel Licensing Branch  
Division of Fuel Cycle & Material Safety  
Office of Nuclear Material Safety & Safeguards  
11555 Rockville Pike  
Rockville, MD 20852

Re: License SUB-1010; Docket 40-8027  
Transfer of Control of Licensee and Amendment to License

Dear Mr. Rouse:

Sequoyah Holding Corporation ("Holding"), a corporation organized under the laws of the State of Delaware, hereby seeks the consent of the Nuclear Regulatory Commission ("NRC"), pursuant to the Atomic Energy Act of 1954 and the regulations promulgated thereunder, to a transfer of control of Sequoyah Fuels Corporation ("Sequoyah"), a corporation organized under the laws of the State of Delaware. Sequoyah presently is a wholly-owned subsidiary of Kerr-McGee Corporation ("Kerr-McGee"), a corporation organized under the laws of the State of Delaware. Sequoyah is the present holder of NRC Source Material License Number SUB-1010 (the "License"). Holding has entered into an acquisition agreement with Kerr-McGee, pursuant to which, subject to the approval of the NRC, Holding will acquire all of the outstanding stock of Sequoyah.

Holding is a wholly-owned subsidiary of General Atomics ("GA"), a corporation organized under the laws of

the State of California, which is itself a wholly-owned subsidiary of General Atomic Technologies Corporation ("GATC"), a corporation organized under the laws of the State of Wyoming. The capital stock of GATC is owned 79.5% by Tenaya Corporation, a corporation organized under the laws of the State of Delaware, 20.001% by Linden S. Blue, a United States citizen and .499% by James N. Blue, a United States citizen. Tenaya is a holding company for investments of the family of James N. Blue. Mr. Blue owns 60.6% of the voting stock of Tenaya, his wife Anne P. Blue, a citizen of the Federal Republic of Germany, owns 18.2%, and 21.2% is held in trust for the benefit of their children. Holding is not owned, controlled or dominated by an alien, a foreign corporation or a foreign government. Further information concerning the management of Holding is provided in Appendix B.

Holding also requests an amendment to the License that will delete references to Sequoyah's current parent company, Kerr-McGee, and will reflect the new ownership of Sequoyah. The specific references that would be changed by the amendment are set forth in Appendix A hereto and revised pages are included. The current licensee, Sequoyah, and its parent, Kerr-McGee, consent to this request for an amendment, as reflected in the letters from James G. Randolph and Robert P. Luke, and attached hereto as Exhibit 1 and Exhibit 2.

Holding will acquire the Sequoyah facility situated near Gore, Oklahoma which owns and operates a uranium hexafluoride conversion facility and a depleted UF4 facility (the "Sequoyah Facility") and the ranches in the vicinity owned by Sequoyah. Holding will not acquire the Cimarron Facility, the Wyoming properties and other properties which have been owned by Sequoyah and which have been or are being transferred to other Kerr-McGee entities.

The Sequoyah Facility will continue to be operated in the same manner as it has been operated; nothing will change in the manner in which Sequoyah, as the licensee, conducts its operations and discharges its obligations under the License. No major changes are anticipated in the on-site operating and management personnel or corporate officers of Sequoyah other than the following: the President of Sequoyah will no longer be an employee of Kerr-McGee. As set forth in Appendix A, the President of both Sequoyah and Holding will be Beau Graves, Jr. Mr. Graves is also a Senior Vice President and Director of GA. His office will be on-site rather than at GA's headquarters. Scott Knight, the current General Manager will be on-site, and his position will encompass the duties of the current Sequoyah Fuels Operations General Manager and Sequoyah Facility General Manager. The revised pages for Section 2 and Section 11 attached hereto incorporate the management and operational changes at Sequoyah Fuels that were reflected in the proposed changes,

dated September 29, 1987, March 14, 1988 and March 31, 1988, submitted by Kerr-McGee.

The only other changes anticipated are in the ownership of the stock of Sequoyah and the directors of Sequoyah as set forth in Appendix B. The oversight responsibilities and obligations of off-site personnel who are currently employees of Kerr-McGee will be assumed by employees of GA, as set forth in the attachment to Appendix A.

Sequoyah currently has numerous contracts with a number of utilities and other domestic and foreign corporations. These contracts will remain in place following the acquisition and will be the basis of Sequoyah's ability to finance its on-going operations and to comply with the safety and other requirements of the License.

In order to assist the NRC in assessing the financial capability of Sequoyah after the acquisition in relation to Sequoyah's obligation to clean up its licensed facilities upon decommissioning, attached as Appendix C are financial statements for Sequoyah as of [date].

In summary, the acquisition will effect a change of ownership but will not affect the licensed activities of Sequoyah.

After the NRC has consented to the transfer of control of the licensee and to the amendment of the License,



and when other conditions precedent are fulfilled, the transaction will be consummated. The closing date is currently set for [August 31, 1988], or as soon thereafter as practicable following receipt of the NRC's consent and fulfillment of the other conditions. Holding will immediately notify the NRC of the closing when it occurs.

SEQUOYAH HOLDING CORPORATION

By \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_ 1988, before  
me, \_\_\_\_\_, a Notary Public for the State  
of \_\_\_\_\_, personally appeared \_\_\_\_\_  
who being duly sworn, stated that he is \_\_\_\_\_ of  
Sequoyah Holding Corporation, that he has read the foregoing  
letter to Leland C. Rouse and that the information and  
statements therein are true and correct to the best of his  
knowledge and belief.

\_\_\_\_\_  
Notary Public

## Appendix A

### Amendments to the License Necessary to Conform to New Ownership

License Condition 2 sets forth the address of Sequoyah Fuels Corporation, which should read Sequoyah Facility, I-40 and Highway 10, Gore, Oklahoma 74435.

References that must be changed in order to conform to the new ownership of Sequoyah Fuels Corporation are as follows. Revised pages for the license are attached.

#### Chapter 1

- 1.1 Sequoyah Fuels Corporation is a wholly-owned subsidiary of Sequoyah Holding Corporation, which is a wholly-owned subsidiary of General Atomics, which is a wholly-owned subsidiary of General Atomic Technologies Corporation. The principal office of Sequoyah Fuels Corporation is located at Sequoyah Facility, I-40 and Highway 10, Gore, Oklahoma 74435.

#### Chapter 2

Chapter 2 describes the General Organizational and Administrative Requirements of the License. The following chart sets forth changes that will be required to conform the License to the new ownership of Sequoyah Fuels Corporation:

Kerr-McGee Personnel  
Who Have License Identified  
Responsibilities

President

Vice-President and Director  
Environment and Health  
Management Division

Corporate Medical Director

Director, Nuclear Licensing &  
Regulation

Director, Safety Services

Director, Regulatory Compliance

Staff Health Physicist

Corporate Hydrologist

Sequoyah Fuels  
Operations General Manager

Corresponding General  
Atomics Personnel

Chairman and CEO

Vice President  
Human Resources

Manager, Health physics

Manager, Licensing, Safety  
and Nuclear Compliance

Manager, Industrial Safety

Manager, Licensing, Safety  
and Nuclear Compliance

Manager, Health Physics

NONE A Consultant will be  
retained.

Position to be merged with  
Sequoyah Facility General  
Manager and named Sequoyah  
Fuels General Manager

### Chapter 3

- 3.2.2 Membership of the ALARA Committee must be changed to reflect the new ownership of Sequoyah Fuels Corporation.

### Chapter 5

[Reference to disposal]

### Chapter 7

- 7.5 Delete last paragraph.

### Chapter 9

- 9.1 The corporate information must be changed to reflect the new ownership of Sequoyah Fuels Corporation.
- 9.8 Minor changes must be made to reflect the new ownership of Sequoyah Fuels Corporation and the oversight responsibilities of personnel of the new owner.

### Chapter 10

- 10.4 A change must be made in the reference to land owned by Kerr-McGee which is to be transferred to General Atomics.

## Chapter 11

- 11.1 All references to General Manager, Sequoyah Facility and General Manager, Sequoyah Fuels Operations will be deleted and Sequoyah Fuels, General Manager will be inserted.
- All references to the Corporate Staff Health Physicist will read the Corporate Manager, Health Physics. All references to Director, Nuclear Licensing and Regulation will read Corporate Manager, Licensing, Safety and Nuclear Compliance and the reference to Corporate Medical Director will read Corporate Manager, Health Physics.
- 11.2 Both references on page 11-4 to Kerr-McGee Corporation will read General Atomics.
- 11.4 Revised descriptions of the education and experience of key personnel will be submitted to reflect the new ownership of Sequoyah Fuels Corporation.

## Appendix B

Sequoyah Holding Corporation  
Sequoyah Facility  
I-40 and Highway 10  
Gore, Oklahoma 74435

- A. The business activities of Sequoyah Fuels Corporation ("Sequoyah") will be unchanged. They include the conversion of uranium concentrate to uranium hexafluoride and the conversion of depleted and natural uranium hexafluoride to depleted uranium tetrafluoride, and the activities related thereto, including receipt, storage, shipping, laboratory services, and waste treatment and disposal.
- B. Sequoyah Holding Corporation is incorporated under the laws of the State of Delaware. It was formed for the purpose of acquiring Sequoyah. The names, addresses and citizenship of its directors and principal officers are as follows:

<u>Name</u>	<u>Citizenship</u>	<u>Title</u>	<u>Address</u>
Reau Graves, Jr.	USA	President Director	Sequoyah Holding Corp. I-40 and Highway 10 Gore, OK 74435
John E. Jones	USA	Vice-President Director	10955 John Jay Hopkins Dr. San Diego, CA 92121
James R. Edwards	USA	Secretary Director	10955 John Jay Hopkins Dr. San Diego, CA 92121
Max D. Kemp	USA	Treasurer	10955 John Jay Hopkins Dr. San Diego, CA 92121
Brenda B. Dawson	USA	Assistant Secretary	10955 John Jay Hopkins Dr. San Diego, CA 92121
Anthony G. Navarra	USA	Assistant Treasurer	10955 John Jay Hopkins Dr. San Diego, CA 92121

C. After the completion of Sequoyah Holding Corporation's acquisition of the stock of Sequoyah Fuels Corporation, the Board of Directors and officers of Sequoyah Fuels Corporation will be:

<u>Name</u>	<u>Citizenship</u>	<u>Title</u>	<u>Address</u>
Reau Graves, Jr.	USA	President Treasurer Director	Sequoyah Holding Corp. I-40 and Highway 10 Gore, OK 74435
James R. Edwards	USA	Secretary Director	10955 John Jay Hopkins Dr. San Diego, CA 92121
Brenda B. Dawson	USA	Assistant Secretary	10955 John Jay Hopkins Dr. San Diego, CA 92121
John E. Jones	USA	Director	10955 John Jay Hopkins Dr. San Diego, CA 92121



Appendix C

[Balance Sheet or other financial support]