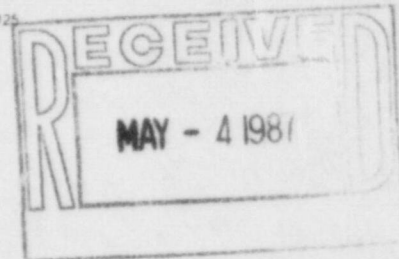


**SEQUOYAH FUELS CORPORATION**

POST OFFICE BOX 25861 • OKLAHOMA CITY, OKLAHOMA 73125

April 30, 1987



CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. R.D. Martin, Administrator  
U.S Nuclear Regulatory Commission  
Region IV  
611 Ryan Plaza Drive, Suite 1000  
Arlington, Texas 76011

RE: Licnese SUB-1010; Docket 40-8027  
NRC Inspection Report 87-01, March 31, 1987  
Notice of Violation

Dear Mr. Martin:

This responds to the Notice of Violation enclosed as Appendix A to the above referenced Inspection Report. The Notice alleges violation of License Condition 22 because an unusual event was not declared following a spill of yellowcake in the plant sampling room on February 6, 1987.

SFC believes NRC's determination that the circumstances described in paragraph 4.b of the Inspection Report warrant a violation is inconsistent with a reasonable evaluation of those circumstances and with a reasonable interpretation of the Contingency Plan Implementing Procedure No. 11 (CPIP-11). As described in paragraph 4.b, the sampling plant operators immediately exited the area, the spill was confined to the immediate area, the sampling plant is under negative pressure with respect to the outside so any dusting was contained, cleanup was accomplished by operators wearing appropriate respiratory protection devices and the highest concentration determined from air sampler filters collected within about 30 minutes of the spill was 4.38 MPC. Consistent with CPIP-11 guidance, there was not a continuing "potential for degradation of the safety of the facility and no releases of radioactive or hazardous materials requiring off-site response or monitoring" (CPIP-11; 1.2.1.a).

SFC notes that classification of events of such low severity or potential for severity necessarily are based upon judgement utilizing immediate known facts and actions taken. We believe that the immediate action taken by our operating personnel in response to this localized event was appropriate, effective and adequate. In support of this, we point out that the IOT also found no indication of an error in the event classification (IOT Fourth Report, February 27, 1987).

SFC agrees management personnel could have been notified more quickly about the spill and has taken action to reinforce upon the employees the need for prompt

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management notification irrespective of the perceived minimal nature of a situation.

The required action information follows:

1. Corrective steps which have been taken and the results achieved:

Sequoyah Fuels continues to review its implementing procedures and training to assure that employees are provided sufficient information and exercise reasonable judgement in applying the information to specific situations. In response to the referenced incident, a new Emergency Procedure, E-105, "Spill of Dry Uranium Compound" was developed and implemented on March 3, 1987. CPIP-11, Tab 3, "Unusual Event" has been revised to address this type of incident (Revision 3). Training has been provided the appropriate employees.

Additionally, employees in the sampling plant have been instructed on the need for visually inspecting drums for damage that may impede drum movement on the conveyor and for proper handling of such drums. The health physics staff have been instructed about obtaining follow-up bioassay samples in instances where a potential exposure consideration is involved.

2. Corrective steps which will be taken to avoid further violations:

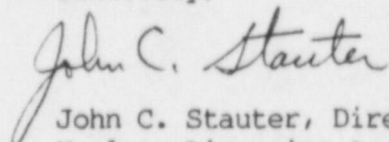
SFC will continue to review procedures, provide training and maintain QA/QC oversight of all plant activities to assure that operations are procedurally and safely conducted.

3. Date when full compliance will be achieved:

SFC believes the facility was in full compliance at the time of the spill on February 6, 1987.

Should you have any questions concerning this item, please contact me at your earliest convenience.

Sincerely,



John C. Stauter, Director  
Nuclear Licensing &  
Regulation

JCS:ms

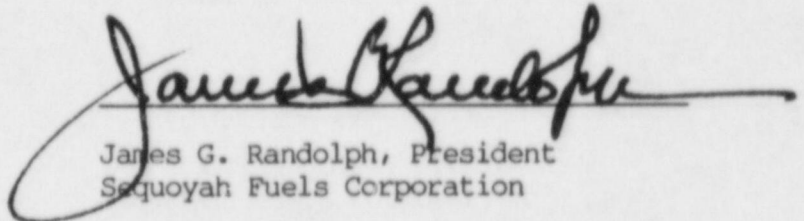
xc: L.V. Rouse, NRC-NMSS

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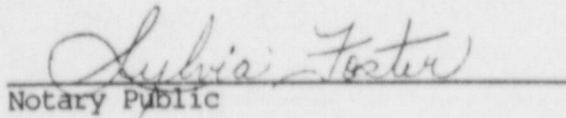
STATE OF OKLAHOMA  
COUNTY OF OKLAHOMA

SS: License SUB-1010; Docket 40-8027  
RE: 8729  
Inspection Report 87-01  
April 30, 1987

I, James G. Randolph, President, Sequoyah Fuels Corporation, hereby attest that the facts contained in the attached documents are accurate to the best of my knowledge.

  
James G. Randolph, President  
Sequoyah Fuels Corporation

Subscribed and sworn before me on this 30<sup>th</sup> day of April, 1987.

  
Notary Public

My Commission Expires:

May 20, 1988