

**[SOE LETTERHEAD]**

January 19, 1996

The Honorable John T. Conway  
Chairman  
Defense Nuclear Facilities Safety Board  
625 Indiana Avenue, N.W.  
Washington, D.C. 20004

Dear Mr. Conway:

Thank you for your November 15, 1995, letter regarding the Board's views on stabilization of the Mark 16 and 22 fuel and the future of the F-Canyon and H-Canyon chemical processing facilities at the Savannah River Site.

We appreciate your views on the stabilization of these materials as summarized in your letter and detailed in your report of November 1. While no final determination has been made, there are factors which weigh heavily in the direction of chemical processing of the Mark 16 and 22 fuel elements. While improvements have been made in the fuel storage basins, continued wet storage involves health and safety vulnerabilities. These include the continued release of fission products into the basin water, leak detection and natural phenomenon vulnerabilities, which are of particular concern with the storage of failed fuel. Stabilization of this degrading material in existing facilities would enable the Department to remove it from wet storage several years earlier than other potential alternatives would allow. In light of these facts, processing and blending down to low enrichment was designated as the preferred alternative for stabilizing these fuels as analyzed in the "Interim Management of Nuclear Materials Environmental Impact Statement" (60 F.R. 243, page 65300, December 19, 1995).

As part of our efforts to show progress in stabilizing materials at the Savannah River Site, we recently completed a study to determine the most suitable strategy regarding the future use of the F and H Canyon facilities. The primary drivers behind this study are the continued pressures on the Department's budget for Environmental Management and the growing recognition that startup of the H-Canyon facilities will require a large infusion of trained and qualified personnel to meet the expectations of the Department and the Board for the safe operation of these nuclear facilities. The report was released for review on December 7, 1995.

Based on our preliminary review of the study, we are optimistic that we can develop a strategy that addresses the concerns identified in your letter while reasonably meeting the reality of our budget and resource limitations. We are looking at a scenario that will focus our resources on operations in F-Canyon, complete operations in the HB-line and transfer solutions to the F-Canyon, after which time H-Canyon could be maintained in a deinventoried standby condition for an appropriate period of time. It appears that this strategy would least affect our ability to achieve 94-1 commitments, including providing the flexibility for potential future missions that may involve use of the canyons. The specifics of such an approach would need to be worked out over the next few months and we would have to come to a clear understanding of the activities that would be performed to maintain the standby condition. I believe our respective staffs have had some productive initial discussions in this regard.

We look forward to working with you to identify an optimum path forward for our facilities at the Savannah River Site. If you have further questions, please contact me or have a member of your staff contact Mr. Thomas P. Grumbly, Assistant Secretary for Environmental Management, at (202) 586-7710.

Sincerely,

*Hazel R. O'Leary*