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R-020-101.6

DISPOSITION OF LOW ENRICHED URANIUM

03/05/96

DOE-0579-96
DOE-FEMP DOE-NN-1-FORS
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MEMORANDUM

United States Government

Department of Energy

Fernald Field Office

memorandum

DATE: MAR 05 1996
DOE-0579-96

REPLY TO: FN:Gareis

ATTN OF:

SUBJECT: DISPOSITION OF LOW ENRICHED URANIUM

TO: Joan B. Rohfling, NN-1, FORS

The Fernald Environmental Management Project (FEMP) wishes to offer for sale its current product inventory of low enriched uranium that consists of approximately six million pounds of material in the form of metal, UF_4 , oxides (UO_3 , UO_2 , U_3O_8), and recoverable residues. All inventory is below 20% U^{235} enrichment. Low enriched uranium is identified on the Nuclear Suppliers Group Trigger list referred to in the "Interim Guidelines on Export Control and Nonproliferation", dated November 3, 1994, and the "Interim Policies for Control of High Risk Personal Property", revised February 7, 1995. According to these guidelines, there is a presumption of destruction in disposal of such items and exceptions must be approved by your office. Therefore, the FEMP is requesting an exception in order to disposition its low enriched uranium inventory and maximize returns to U.S. taxpayers.

With the recommendation of Greg Rudy, Acting Director of the Office of Fissile Material Disposition and approval of Acting Under Secretary Thomas Grumbly (see Attachment), the Department of Energy, Fernald Area Office (DOE-FN) has entered into an agreement with the U.S. Enrichment Corporation (USEC) enabling USEC to act as a marketing agent in order to disposition the FEMP inventory of low enriched uranium. In accordance with guidance from Zan Hollander of your Export Control Division, the FEMP will coordinate with USEC to require bidders to state the intended end use and to ascertain that this use does not conflict with U.S. Nonproliferation objectives. If the use is domestic, bidders must obtain all necessary federal, state and local government licenses and permits. If the material is to be exported, bidders must meet all requirements of U.S. export control laws and regulations. In the case of low enriched uranium, this means that any purchaser intending to export must obtain a license from the Nuclear Regulatory Commission (NRC). The purchaser will be required to furnish copies of all licenses/permits to the Fernald Environmental Restoration Management Corporation (FERMCO) before taking possession of the material. Also, in reviewing bids the FEMP will take precautions to ensure that the selected bidder poses no nuclear proliferation concerns by checking with your Export Control Division (NN-43) before executing any sale.

Based on the above, the FEMP requests your concurrence to proceed with the sale of the low enriched uranium. Since the FEMP is under restrictive deadlines to avoid impacting the Decontamination and Decommissioning (D&D) of the site, we request your response as soon as possible.

If you have any questions, please contact Mary Beth Gareis at (513) 648-3181.


for Jack R. Craig
Director

Attachment: As Stated

Concurrence:

Joan B. Rohfling, Director
Office of Nonproliferation &
National Security

Date

cc w/o att:

R. Hahn, DP-22, GTN
B. Newton, DP-22, GTN
J. Fiore, EM-42, GTN
N. Hallein, EM-423, GTN
R. Duncan, MD-1, FORS
Z. Hollander, NN-43, FORS
R. Grandfield, DOE-OH
M. Jordan, DOE-OH
G. Griffiths, DOE-FN
W. Pasko, DOE-FN
H. Bailey, FERMCO
S. Kaushiva, FERMCO

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ES96-001910

**Department of Energy**

Washington, DC 20585

February 6, 1996

MEMORANDUM FOR THE ACTING UNDER SECRETARY**FROM:***J. D. Schultz, Jr.*
Greg Rudy, Acting Director
Office of Fissile Materials Disposition**SUBJECT:****ACTION:** Sign the Memorandum of Agreement between the DOE and the United States Enrichment Corporation (USEC) for the sale of a portion of the DOE's excess low enriched uranium.**ISSUE:**

Disposition of low enriched uranium inventories at the Fernald site.

DISCUSSION:

- Site cleanup activities at Fernald require that surplus low enriched uranium (LEU) material be removed from the site so that the contaminated storage buildings can be dismantled and other cleanup activities can proceed.
- The LEU has commercial value and its sale for use in commercial reactor fuel will provide funds to pay a portion of DOE's obligation to reimburse USEC for safety upgrades at the gaseous diffusion plant.
- The Energy Policy Act of 1992, Public Law 102-486, Title IX establishes the USEC to act as exclusive marketing agent on behalf of the United States Government for entering into contracts for providing enriched uranium and related services. The Department and the USEC have negotiated the subject "Memorandum of Agreement" (MOA Attached) to facilitate the future marketing of the Fernald excess uranium.
- This sale is not expected to impact the U.S. uranium industry because the materials are recycled and such material is not normally used by U.S. nuclear utilities. The surplus materials (~1900 mt) will require 2 to 3 years of processing effort to enable eventual commercial use. Informal discussions with key Congressional staff and related uranium industry constituents will take place prior to implementation of sale efforts under the MOA.
- Approval of this MOA, previously prepared for signature by the Deputy Secretary has been pending internal Administration resolution of issues associated with USEC Privatization and the Russian HEU Purchase. The Deputy Secretary has now indicated that he concurs with moving forward with this Agreement. The signature line on the MOA has been changed to reflect the recent re-alignment of responsibilities for fissile materials under the Acting Under Secretary.

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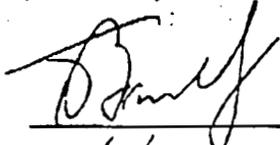
RECOMMENDATION:

That the Acting Under Secretary approve the "Memorandum of Agreement" between the DOE and the USEC for the marketing of excess uranium at Fernald.

If you agree, please initial below and sign the attached "Memorandum of Agreement".

Attachments

APPROVE:
DISAPPROVE:
DATE:



2/8/96

CONCURRENCES:

Defense Programs/Ghetti f/Reis/11/28/95
Environmental Management/Grumbly/11/27/95
General Counsel/Sullivan/12/04/95