

Collier, Shannon, Rill & Scott, PLLC

Attorneys-at-Law
3050 K Street, N.W.
Suite 400
Washington, D.C. 20007

Chet M. Thompson
(202) 342-8815
Internet: cmt@colshan.com

Tel.: (202) 342-8400
Fax: (202) 342-8451

10 Barrack Street
Level 12
Sydney, NSW 2000, Australia
Tel.: 61-2-262-6700
Fax: 61-2-262-3263

(202) 342-8815

January 20, 2000

Mr. Ronald Hauber
Director, Non-Proliferation, Exports and
Multilateral Relations
Office of International Programs
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Re: Bayou Steel Corporation Export License Application

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Dear Mr. Hauber:

Attached for your review and consideration is the information that you recommended in your October 28, 1999 letter to me that Bayou Steel Corporation ("Bayou Steel") submit to support its request for an export license in order to make a one-time shipment of electric arc furnace ("EAF") dust that was inadvertently contaminated with small amounts of cesium-137 to Stablex Inc., Quebec, Canada for treatment and disposal. Specifically, I have enclosed:

1. an NRC form 7 that was originally submitted in October 1999;
2. the information required by 10 C.F.R. § 110.32(f)(5);
3. our original request to you for a license variance dated October 8, 1999, which provides some background information;
4. Bayou Steel's correspondence with the U.S. Environmental Protection Agency;
5. Stablex's correspondence with Environment Canada; and
6. a check, pursuant to 10 C.F.R. § 170.31, in the amount of \$5,600.00.

In addition to the above, two other factors bear mentioning and support the issuance of an export license in this case. First, because of the relatively small concentrations of cesium-137 found

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in the dust, neither Environment Canada nor the Atomic Energy Control Board of Canada ("AECB") would consider this material "radioactive." Second, Stablex recently had its Certificate of Compliance modified specifically to allow it to accept volumes and concentrations of cesium-137 exceeding those found in the EAF dust at issue here. Presumably, Environment Canada and AECB would not have issued this modification had they had any reason to believe that Stablex was unable to safely manage and dispose of the material.

In short, I am confident that following your review of this package, you will conclude that Bayou Steel's application satisfies the criteria set forth at 40 C.F.R. § 110.42, namely, that (1) the export of the EAF dust is not inimical to the common defense and security of the United States; and (2) both the receiving country, Canada, and receiving facility, Stablex, have the administrative and technical capacity to handle the material safely.

If you have any questions or need additional information, please do not hesitate to contact me. I appreciate your and Ms. Wright's assistance to date and look forward to hearing from you soon.

Sincerely,



Chet M. Thompson
Counsel to Bayou Steel Corporation

cc: Mr. Al Pulliam, Bayou Steel Corporation
Mr. David R. Johnson, Bayou Steel Corporation

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