Progress Towards New Radioactive Waste Disposal Capacity in Texas

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WCS Basics

- Wholly owned subsidiary of Valhi, Inc. (NYSE: VHI)
- Began receiving waste in February 1997
- RCRA/TSCA Treatment, Storage & Disposal Facility
- RAD exempt disposal
- Class A, B, C, GTCC LLRW and TRU treatment and storage
- 111 employees
- Excellent road and rail access with a 110 rail-car capacity private rail spur on site

Current Authorizations and Capabilities

- Industrial Solid Waste and Hazardous Waste Storage, Processing, and Disposal (RCRA) Permit issued by the Texas Commission on Environmental Quality (TCEQ)
- Toxic Substances Control Act (TSCA) Authorization issued by the U.S. EPA
- LLW Treatment, Processing, and Storage License issued by the Texas Department of State Health Services (DSHS)
- U.S. NRC exemption to treat and store Special Nuclear Material (SNM) based on concentration – 17 μCi/gm Pu-239
- Increased possession limits 35,000 curies of SNM and 150,000 curies of sealed sources

Storage

- No Time Limit on Storage (RAD and LDR compliant)
- 5,000 Drum [Equivalent] Container Storage Area
- 10-acre, 1,500,000 ft³ Low-Specific-Activity (LSA) storage area
- 1,080 ft³ Bulk/Bin Storage Area

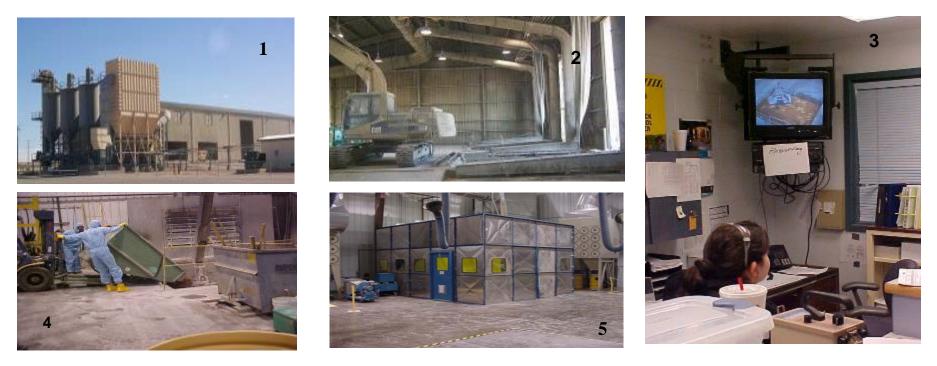






Stabilization and Treatment

- A 5,600 ft² RCRA, CERCLA, and TSCA waste treatment/ stabilization facility with two 85 yd³ mixing pans (photos 1 & 2)
- A 5,600 ft² negative-pressure mixed waste treatment facility (MWTF) with one 85 yd³ mixing pan and one doublecontainment structure (photos 3, 4 & 5)



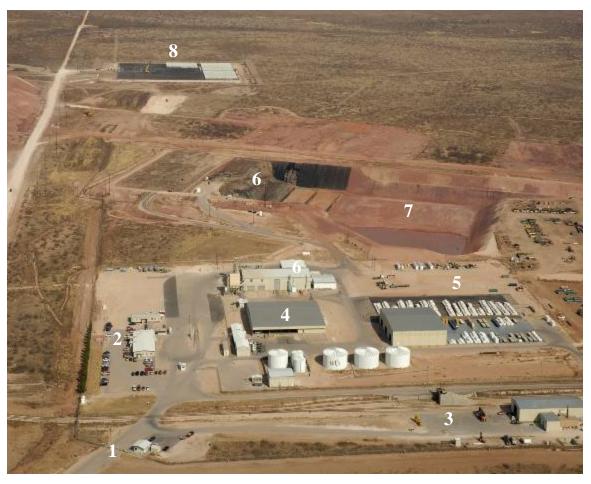
Current Disposal Capabilities

- Current license allows for disposal of up to ~ 5.4M yd3 of RCRA, CERCLA, TSCA, and exempt radioactive waste
- Total construction to date ~ 750,000 yd3
- ~100,000 yd3 is still available/open
- Another 250,000 yd3 is being developed



Aerial view of WCS site

- 1. Access road to fenced site (guarded entrance)
- 2. Admin. building with haz./rad. laboratories
- 3. Rail spur and railunloading facility
- 4. Container storage building
- 5. Bulk/Bin storage units
- 6. Stabilization and mixed waste treatment facility
- 7. RCRA Part C landfill (being expanded to the East)
- 8. 10-acre storage area for low-specific-activity waste



What's New

Local Rail Improvements

• Track Upgrade Project

- Funded through private capital and debt
- Two-year, \$4 million program
- Designed to remove hazmat restriction and allow for safe 25 mph operation of trains

• Plan/Status

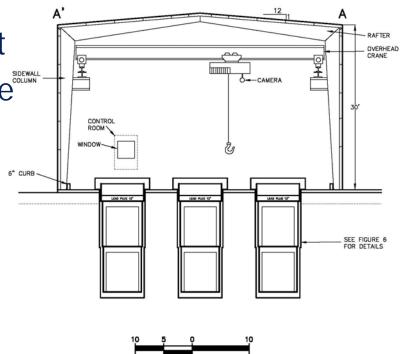
- Install 500 ties/mile, complete to MP 67 past Eunice
- Tamp and align track, complete to MP 40
- Repair wooden bridges
- Install additional 500 ties per mile in 2008
- Build siding in Monahans for unit trains in 2008
- Hazmat restriction removed to Eunice, 25 mph track from Monahans to Kermit, 25 mph track to Eunice in July
- Locomotive upgrade underway with three 3,900 hp units replacing older 1,500-2,500 hp units

Expanded Administration Building



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- Studsvik Teaming Agreement
- Turn-key treatment & storage
- In-ground storage vault



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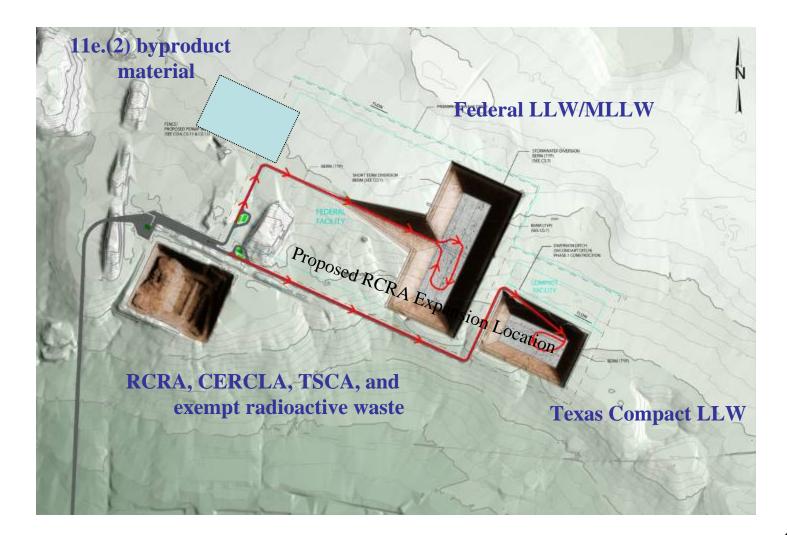
Pending Disposal Authorizations

- License for disposal of Texas Compact generated Class A/B/C LLW
- License for disposal of federally-generated Class A/B/C LLW and Mixed LLW
- License for disposal of 11e(2) By-Product Material

Texas LLRW Legislation

- License can be issued to private company
- Compact facility
 - Compact only new Compact members or contract
 - Regulated rates
 - > State takes title to waste upon acceptance
- Federal facility
 - Fed waste under LLWPA
 - Initially 3 million yd3 with 10 % Class B, C, and high A
 - > Increases to 6 million yds after 5 years
 - > Need written agreement that feds will assume title
- Class B,C, and high A in concrete canisters in containment structure and must be monitored and retrievable
- 5% fee of gross revenue to both county and state

Existing and Proposed Landfill Locations

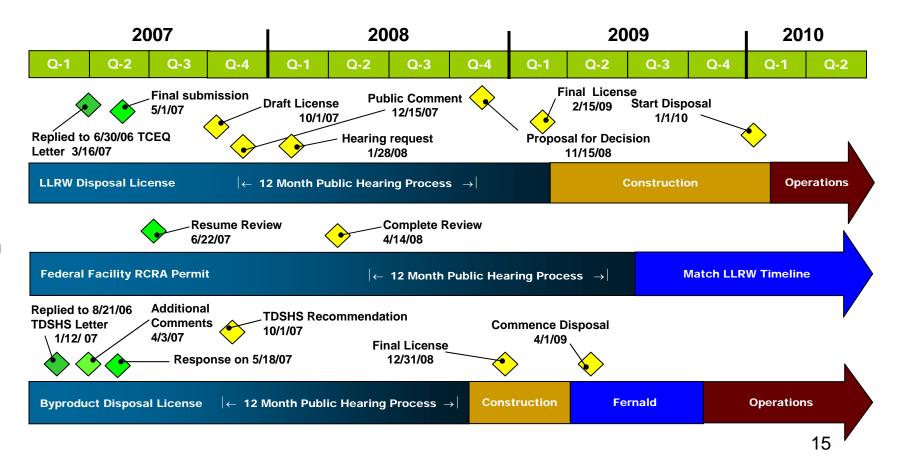


Schematic Cross Section of LLW Landfill

No Scale



Vision of the Future



Licensing Initiatives