

UNITED STATES GOVERNMENT

# Memorandum

TO : Lawrence D. Low, Director  
Division of Compliance

FROM : Douglas E. George, Director  
Division of Nuclear Materials Management

SUBJECT: SAFEGUARDS SURVEY REPORT

DATE: APR 11 1967

In accordance with the August 1, 1966 agreement between the General Manager and the Director of Regulation (Procedure for Implementing and Administering the Commission's Domestic Safeguards Program for Licensed Special Nuclear Material), two copies of the final OR Survey Report #226 (Union Carbide Corporation, Lawrenceburg, Tennessee) are enclosed. A preliminary report was transmitted to you by my memorandum of October 5, 1966, subject as above.

The more significant survey findings include:

1. Rejection of the inventory as tested by the AEC;
2. An opinion by the survey team that material cross-over occurred between the WANL job (AEC contract) and the AVR job (leased material); and
3. Several recommendations aimed at improving safeguards control at the Lawrenceburg facility.

While I believe the report is reasonably clear and well written, I do not agree with paragraph 3.04 that no significant safeguards problem now exists. This is a matter of degree, as evidenced by the qualification of the opinion statement (paragraph 3.02) that the special nuclear material inventory is not fairly presented because most of the errors noted involve the statement of the SN material content of scrap. This may not be a "significant" safeguards problem because of the quantities of material involved (less U-235 than in Group I of the draft report on "Study of Strategic Importance of Nuclear Materials"), but it certainly is an important one.

We are enclosing a suggested draft letter from Oak Ridge to Union Carbide Corporation, Lawrenceburg, Tennessee, outlining the survey findings, including recommended action, required by the facility for adequate safeguards control.

(continued)



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Lawrence D. Low

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In this connection, I understand we will meet on April 12 to finalize on interim procedures to transmit survey findings to licensees.

Enclosures:

1. Safeguards Survey Report OR-226 (2 cys)
2. Draft Ltr. from Oak Ridge to Union Carbide

cc: J. V. Vinciguerra, AGMA  
E. D. Marshall, OR