

GULF NUCLEAR FUELS COMPANY

A DIVISION OF GULF OIL CORPORATION

GRASSLANDS ROAD
ELMSFORD, NEW YORK 10523
914.592-9000

January 15, 1974
In reply, refer to MRA-74-7

Mr. Walter G. Martin, Chief
Materials and Plant Protection Branch
U. S. Atomic Energy Commission
631 Park Avenue
King of Prussia, Pennsylvania 19406

Dear Mr. Martin:

In response to your letters of December 20, 1973 and January 3, 1974, in which you state that certain of the activities authorized by AEC License No. SNM-33 appear to be in violation of AEC requirements, we have the following comments, using the same notation as your letters:

December 20, 1973

1. We believe that the most suitable technique currently available for determining the U-235 content of scrap on inventory is by measurement with an ISAS. One of these units is available for this purpose from our Hematite, Missouri facility. However, the CF-252 source currently installed in it must be replaced due to radioactive decay. Delivery of sources through the manufacturer of the ISAS is quoted as six months. Allowing for adequate time to recalibrate, etc., the earliest possible time that compliance could be achieved is September 1, 1974. It would also be necessary to amend our by-product material license to authorize possession of CF-252 at New Haven but we do not anticipate that that would be a problem.

In view of the long delivery time for the source and an anticipated cessation of activities at New Haven by October 1, 1974, we do not believe that it would be worthwhile to transfer the ISAS from Hematite to New Haven. If, however, you could arrange for us to "borrow" a CF-252 source from the Commission in a very much shorter time, we could achieve compliance 30 days following receipt of the source.

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Mr. Walter G. Martin

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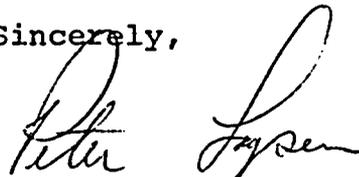
2. Details of the tests to be performed on physical inventories have been prepared and used in the past, although they have not been included in the written physical inventory instructions. Details of the tests will be included in the written instructions for the next inventory, scheduled for May 1974. Thus, compliance will be demonstrated at that time.

January 3, 1974

1. Omission of a small receipt of special nuclear material from the plant records was the result of a clerical error which is not expected to recur or go unnoticed at the end of an accounting period with adequate reconciliation of MBA and plant records. A records review form or memorandum will be adopted for this purpose in time for reconciliation following the end of the first accounting period of 1974.
2. Failure to enter MUF as a shipper/receiver difference into plant records was due to a misunderstanding of Commission requirements. Your notation of this as an apparent violation serves as adequate advice of the particular requirement which will be met in any future posting of S/R differences.
3. We attempt to execute nuclear material transaction reports in strict accordance with the printed instructions for their use. To eliminate the omissions or other errors that you have noted, we will exercise greater diligence in completion of the forms, including informal reviews by the NMM Manager.

Please let me know if you require further information on any of these matters.

Sincerely,



Peter Loysen, Manager
Regulatory Administration

PL:am