



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 18, 1995

R3D3-103
NMSS / XSR
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DKSS (10)
John J. Gray
070-00036

Mr. Robert W. Sharkey, Manager
Regulatory Compliance
Hematite Nuclear Fuel Manufacturing
Combustion Engineering, Inc.
3300 State Road P
Hematite, MO 63047

SUBJECT: DELAY IN COMPLETION OF BIENNIAL MC&A ASSESSMENT (TAC NO. L30775)

Dear Mr. Sharkey:

In accordance with your application dated May 8, 1995, and pursuant to Part 70 to Title 10 of the Code of Federal Regulations, Materials License SNM-33 is hereby amended to grant an exemption from the requirements of 10 CFR 74.31(c)(8) with respect to the completion date of your next independent, biennial assessment and review of your material control and accounting program. Accordingly, new Safeguards License Condition SG-1.3 is incorporated into your license and reads as follows:

SG-1.3 Notwithstanding the requirement of 10 CFR 74.31(c)(8) to independently assess the effectiveness of the material control and accounting system at least every 24 months, the latest due date for issuance of the assessment team report for the next required assessment may be delayed from May 21, 1995, to July 21, 1995.

This exemption from the regulations and deviation from the commitments in your Fundamental Nuclear Material Control Plan were requested and approved pursuant to 10 CFR 70.34. The granting of your request was based on our determination that the justification presented in your May 8, 1995, letter was acceptable.

All other conditions to this license remain the same.

CC-5

MAY 22 1995

Mr. Robert W. Sharkey

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Enclosed are copies of revised Materials License SNM-33 and the Safeguards Evaluation Report, which includes the Categorical Exclusion determination.

Sincerely,

Original /s/ by

Elizabeth Ten Eyck, Deputy Director
Division of Fuel Cycle Safety
and Safeguards, NMSS

Docket 70-36
License SNM-33
Amendment 7

Enclosures: 1. Materials License SNM-33
2. Safeguards Evaluation Report

cc w/encls: Mr. M. A. Michelsen
Licensing Engineer
Combustion Engineering, Inc.
1000 Prospect Hill Road
Windsor, CT 06095-0500

Distribution w/encls (Control No. 460M)

Docket 70-36
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DATE	5/17/95		5/17/95		5/17/95		5/18/95		5/18/95		5/18/95			

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MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 39, 40 and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee		
1. Combustion Engineering, Inc.		3. License number SNM-33 Amendment 7
2. 3300 State Road P Hematite, Missouri 63047		4. Expiration date July 31, 2004
		5. Docket or Reference No. 70-36
6. Byproduct, source, and/or special nuclear material	7. Chemical and/or physical form	8. Maximum amount that licensee may possess at any one time under this license
A. Uranium enriched to maximum 5.0 weight percent in the U-235 isotope	A. Any (excluding metal powders)	A. 12,000 kilograms U-235
B. Uranium, enriched to any enrichment in the U-235 isotope	B. Any (excluding metal powders)	B. 350 grams U-235
C. Source material (uranium and thorium)	C. Any (excluding metal powders)	C. 50,000 kilograms
D. Cobalt-60	D. Sealed sources	D. 40 millicuries,
E. Cesium-137	E. Sealed sources	E. 500 millicuries
F. Mixed activation and fission product calibration sources including Am-241	F. Solid sources	F. 200 microcuries
G. Californium-252	G. Sealed sources	G. 4 milligrams
9. Authorized place of use: The licensee's existing facilities in Hematite, Missouri, as described in the license renewal application.		

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

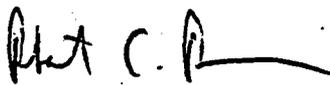
License Number
SNM-33 Amendment 7

Docket or Reference Number
70-36

10. The license shall be deemed to contain two sections: Safety Conditions and Safeguards Conditions. These sections are part of the license, and the licensee is subject to compliance with all listed conditions in each section.

FOR THE NUCLEAR REGULATORY COMMISSION

Date: 18 MAY 1995

By: 
Robert C. Pierson
Division of Fuel Cycle Safety
and Safeguards, NMSS
Washington, DC 20555

May 18, 1995

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number
SNM-33 Amendment 7

Docket or Reference Number
70-36

SAFETY CONDITIONS

SAFETY CONDITIONS

- S-1. Authorized use: For use in accordance with the statements, representations, and conditions in Chapters 1 through 8 of the application dated October 29, 1993, and supplements dated November 24, 1993; January 14, January 28, March 21, April 20, June 14, October 24, and October 26, 1994; and January 28, February 27, March 10, and April 24, 1995.
- S-2. The licensee shall conduct an evaluation to determine the source of the contamination to burial site well #4, as shown in Figure 13-2 of the application dated March 21, 1994, and shall identify the contaminants in the groundwater. The findings of the evaluation shall be submitted to the NRC within 180 days of the issuance of this renewed license.
- S-3. Deleted - Hematite Evaporation Ponds Decommissioning Plan approved by Amendment 4 dated May 1995.
- S-4. The licensee is hereby granted the special authorizations in Chapter 1, Section 1.6(a) through 1.6(g) of the renewal application.

MATERIALS LICENSE
SUPPLEMENTARY SHEET

License Number

SNM-33 Amendment 7

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70-36

SAFEGUARDS CONDITIONS

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Section 1.0 - Material Control & Accounting

- SG-1.1 The licensee shall follow Sections 1.0 through 9.0 of its Fundamental Nuclear Material Control Plan dated April 28, 1995. Any revisions to this Plan shall be made only in accordance with the provisions of either 10 CFR 70.32(c) or 70.34.
- SG-1.2 Notwithstanding the requirements of 10 CFR 74.31(c)(5) and section 5.3.1 of the Plan identified in Condition SG-1.1, the licensee may delay the start of its 1995 physical inventory beyond the currently scheduled deadline of August 15, 1995, so as to start on or before October 25, 1995. To compensate for this delay, the licensee's 1996 physical inventory shall be initiated no later than July 15, 1996.
- SG-1.3 Notwithstanding the requirement of 10 CFR 74.31(c)(8) to independently assess the effectiveness of the material control and accounting system at least every 24 months, the latest due date for issuance of the assessment team report for the next required assessment may be delayed from May 21, 1995, to July 21, 1995.

Section 2.0 - Physical Protection for SNM of Low Strategic Significance

- SG-2.1 The licensee shall follow the security plan entitled "Physical Security Plan for Protection of Nuclear Material of Low Strategic Significance" dated May 1980, as revised by Revision 3 dated November 1992 (letter dated November 12, 1992), and as revised in accordance with the provisions of 10 CFR 70.32(e).
- SG-2.2 The licensee shall ensure that the surveillance tour, conducted by the guards or authorized person in accordance with Section 3.1.1, includes surveillance over the UF₆ outdoor storage area.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

DOCKET: 70-36

LICENSEE: Combustion Engineering (CE)
Hematite, Missouri

SUBJECT: SAFEGUARDS EVALUATION REPORT: APPLICATION DATED MAY 8, 1995,
DELAY IN COMPLETING BIENNIAL MC&A ASSESSMENT

BACKGROUND

Low-enriched uranium fuel fabricator licensees are required by 10 CFR 74.31(c)(8) to perform independent assessments of the effectiveness of their material control and accounting (MC&A) system at least every 24 months. Such assessments are to be independent of the licensee's internal MC&A management. The last such assessment conducted at Combustion Engineering's (CE) Hematite facility was completed on May 21, 1993. By application dated May 8, 1995, CE has requested a two-month delay beyond May 21, 1995, for completing its next assessment.

DISCUSSION

Earlier this year, CE had tentatively scheduled the 1995 MC&A assessment to be completed by May 19, 1995. However, just recently it became evident that the assessment team leader could not be available until after May 21, 1995, due to his involvement with decommissioning responsibilities at the Windsor, Connecticut site. CE does not have other staff (within its corporate organization) who are independent of MC&A management at the Hematite site and who have the experience and knowledge needed for a team leader. It is also, at this late date, impossible to obtain a qualified individual from outside of the CE organization to serve as team leader. Thus, the only alternatives are to either utilize a less than qualified individual to lead the assessment or postpone the assessment.

In addition to the team leader not being immediately available, the licensee has recently completed a Fundamental Nuclear Material Control Plan, revised in its entirety, which contains upgraded commitments for the biennial MC&A assessments. The Plan was approved by License Amendment 6, dated May 17, 1995. This in turn means that the initially planned assessment activities must be revised and expanded.

In this particular situation, the desirability of obtaining a meaningful MC&A program assessment outweighs the desirability of having the assessment completed within the regulatory time limit.

ENVIRONMENTAL REVIEW

The staff has determined that approval of the requested two-month delay for completing the licensee's next biennial MC&A assessment will not adversely affect the public health and safety, the common defense and security, or the environment and is otherwise in the public interest. The provisions in 10 CFR 51.22(c)(12) cite an exclusion for safeguards plans and material accountability. Therefore, neither an environmental assessment nor an environmental impact statement is warranted for this action.

CONCLUSION

Based on the above discussion, the staff concludes that the licensee's request is warranted and that its approval will have no adverse effect on the public health and safety, the environment, or the common defense and security. Therefore, the licensee's request for a two-month delay in completing its next biennial MC&A assessment is being granted by issuing new Safeguards License Condition SG-1.3.

The Operations Branch (FCOB/NMSS) inspection staff has no objection to this proposed action.

PRINCIPAL CONTRIBUTOR

Donald R. Joy