

*Helena*  
*R3/D2-#8*

FEB 0 2 1981

*SNM 33*

Docket No. 70-36 *60-03*

Combustion Engineering, Inc.  
ATTN: Mr. H. V. Lichtenberger  
Vice President  
Manufacturing  
Nuclear Power Systems  
Post Office Box 500  
Windsor, CT 06095

Gentlemen:

This refers to the routine inspection conducted by Messrs. A. G. Finley and J. P. Patterson of this office on July 21-25, 1980, of activities at the Combustion Engineering, Hematite Missouri Plant authorized by NRC License No. SNM-33 and to the discussion of our findings with your staff at the Hematite Plant at the conclusion of the inspection.

The major part of this inspection consisted of observation of your physical inventory, gross weighings of certain containers and selection of samples for analysis by the Department of Energy's New Brunswick Laboratory (NBL) as part of our inventory verification plan. Our analysis of NBL's sample results discloses no errors or differences which would significantly alter our conclusion concerning the special nuclear material content of your total inventory. An explanation of our verification is contained in the enclosure to this letter. Copies of NBL's results have already been provided to the Hematite Plant management.

The enclosure to this letter is referred to as Part II of Inspection Report No. 70-36/80-03.

Areas examined during the inspection concern a subject matter which is exempt from disclosure according to Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Consequently, the enclosure to this letter will not be placed in the Public Document Room.

Information in this record was deleted  
in accordance with the Freedom of Information  
Act, exemptions *4*  
FOIA-2004-0234

*00-2*

ATTACHMENT CONTAINS  
10 CFR 2.790 (d) INFORMATION

FEB 02 1981

We will gladly discuss any questions you have concerning this inspection.

Sincerely,

J. A. Hind, Chief  
Safeguards Branch

Enclosures: IE Inspection Report  
No. 70-36/80-03 (Part II -  
Inventory Verification (Part  
2.790(d) Information

cc w/encl:  
A. Rode, Plant Manager  
Central Files  
Reproduction Unit NRC 20b

cc w/encl w/o Part 2.790(d)  
Information:  
PDR  
NSIC

RIII

Patterson/so

1/23/81

RIII

Hind

RIII

Peck

ATTACHMENT CONTAINS  
10 CFR 2.790 (b) INFORMATION

U.S. NUCLEAR REGULATORY COMMISSION  
OFFICE OF INSPECTION AND ENFORCEMENT

REGION III

Report No. 70-36/80-03 - Part II

Docket No. 70-36

License No. SNM-33

Safeguards Group III

Licensee: Combustion Engineering, Inc.  
Post Office Box 500  
Windsor, CT 06095

Facility Name: Hematite Plant

Inspection At: Hematite, MO

Inspection Conducted: July 21-25, 1980

Date of Last Material Control and Accountability Inspection: October 23-26, 1979

Type of Inspection: Announced  
Material Control and Accountability

Inspector: *J. P. Patterson*

*J. P. Patterson*  
Chemist

*1/29/81*  
Date

Approved By: *J. A. Hind*

*J. A. Hind*  
J. A. Hind, Chief  
Safeguards Branch

*1/29/81*  
Date

Inspection Summary:

Inspection on July 21-25, 1980 (Report No. 70-36/80-03)

Areas Inspected: Inventory verification including gross weighing of certain containers of special nuclear material, sampling and analyses of the contents of these containers and statistical evaluation including categorization of inventory items by percent uranium and composition; facility operation and inventory difference and associated limits of error verification. The inspection involved 74 inspection-hours onsite by two NRC inspectors and was begun during the regular hours.

Results: The licensee was found to be in compliance with NRC requirements in the three areas examined during this inspection.

SEP 09 1980

Docket No. 70-36

80-03

ATTACHMENT CONTAINS  
18 CFR 2.790 (d) INFORMATION

Combustion Engineering, Inc.  
ATTN: Mr. H. V. Lichtenberger  
Vice President  
Manufacturing  
Nuclear Power Systems  
Windsor, CT 06095

Gentlemen:

Thank you for the letter from Mr. H. E. Eskridge dated August 29, 1980, informing us of the steps you have taken to correct the noncompliance identified in our letter dated August 8, 1980. We will examine your corrective action during a future inspection.

Your cooperation with us is appreciated.

Sincerely,

J. A. Hind, Chief  
Safeguards Branch

cc: H. E. Eskridge

cc w/ltr dtd 8/29/80:  
Mr. J. A. Rode, Plant  
Manager  
Central Files  
Reproduction Unit NRC 20b  
PDR

ATTACHMENT CONTAINS  
18 CFR 2.790 (d) INFORMATION

OFFICE	RIII <i>Finley</i>	RIII <i>Hind</i>			
SURNAME	Finley/cw	Hind			
DATE	9/8/80				

C-E Power Systems  
Combustion Engineering, Inc.  
Route 21-A  
Hematite, Missouri 63047

Tel. 314/937-4691  
314/296-5640

NIS-80-752



ATTACHMENT CONTAINS  
18 CFR 2.790 (d) INFORMATION

August 29, 1980

J. A. Hind, Chief  
Safeguards Branch  
U. S. Nuclear Regulatory Commission  
Region III  
799 Roosevelt Road  
Glen Ellyn, Illinois 60137

License No. SNM-33  
Docket No. 70-36

Dear Mr. Hind:

The enclosed report is submitted as requested by your letter dated August 8, 1980, concerning IE Inspection report 70-036/80-03.

Please advise if any additional information is required.

Very truly yours,

COMBUSTION ENGINEERING, INC.

A handwritten signature in dark ink, appearing to read "H. E. Eskridge".

H. E. Eskridge  
Supervisor, Nuclear Licensing,  
Safety and Accountability

jb  
Enclosure

ATTACHMENT CONTAINS  
18 CFR 2.790 (d) INFORMATION

SEP 02 1980

YELLOW FILE COPY

AUG 8 1980

Docket No. 70-36 80-03

Combustion Engineering  
ATTN: Mr. H. V. Lichtenberger  
Vice President - Manufacturing  
Nuclear Power Systems  
Windsor, CT 06095

Gentlemen:

This refers to the inspection conducted July 21-25, 1980, by Messrs. A. G. Finley and J. P. Patterson of this office, and to the discussion of our findings with Mr. J. A. Rode, Plant Manager, and members of his staff at the conclusion of the inspection. The inspection was a review of activities at the Combustion Engineering, Hematite Plant, authorized by NRC License No. SNM-33.

The enclosed copy of our inspection report identifies areas examined during the inspection. Within these areas, the inspection consisted of observing the semi-annual physical inventory and as part of inventory verification, the selection of 80 samples submitted to the New Brunswick Laboratory for analysis. Other areas involved included selective examination of procedures, and representative records, observations, and interviews with personnel.

This inspection report is section one of a two section report. The compilation of NBL analytical results and statistical verification of the SNM inventory will be the subject of Section II of this inspection report.

The necessary action taken to comply with the two commitments, made as a result of the previous inspection, Report No. 70-36/79-08, were reviewed by the inspection team, and we have no further questions regarding these two items.

During this inspection, certain of your activities appeared to be in non-compliance with NRC requirements, as described in the enclosed Appendix A.

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 12-08-17 BY 1016

Combustion Engineering, Inc.

- 2 -

AUG 8 1980

Areas examined during the inspection concern a subject matter which is exempt from disclosure according to Section 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Consequently, our report of this inspection will not be placed in the Public Document Room.

This notice is sent to you pursuant to the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Section 2.201 requires you to submit to this office within twenty days of your receipt of this notice a written statement or explanation in reply, including for each item of noncompliance: (1) corrective action taken and the results achieved; (2) corrective action to be taken to avoid further noncompliance; and (3) the date when full compliance will be achieved.

We will gladly discuss any questions you have concerning this inspection.

Sincerely,

J. A. Hind, Chief  
Safeguards Branch

Enclosures:

1. Appendix A, Notice of Violation
2. IE Inspection Report  
No. 70-36/80-03  
(Part 2.790(d) Information)

cc w/encls:

Mr. J. A. Rode, Plant  
Manager  
Central Files  
Reproduction Unit NRC 20b

cc w/encl 1:

PDR

RIII  
Finley/np  
8/7/80

RIII  
Patterson

RIII  
Hind

RIII  
Peck

ATTACHMENT CONTAINS  
10 CFR 2.790 (d) INFORMATION

U.S. NUCLEAR REGULATORY COMMISSION  
OFFICE OF INSPECTION AND ENFORCEMENT

REGION III

Report No. 70-36/80-03

Docket No. 70-36

License No. SNM-33

Safeguards Group III

Licensee: Combustion Engineering, Inc.  
Post Office Box 500  
Windsor, CT 06095

Facility Name: Hematite Plant

Inspection At: Hematite, Missouri

Inspection Conducted: July 21-25, 1980

Date of Last Material Control and Accounting Inspection: October 23-26, 1979

Type of Inspection: Announced Material Control and Accounting

Inspectors: A. G. Finley  
A. G. Finley  
Auditor

8/4/80  
Date

for A. G. Finley  
J. P. Patterson  
Chemist

8/4/80  
Date

Approved By: J. A. Hind  
J. A. Hind, Chief  
Safeguards Branch

8/7/80  
Date

Inspection Summary

Areas Inspected: Physical Inventory, Inventory Verification, Storage and Internal Controls, Facility Organization, Records and Reports and Management of Materials Control System. The inspection involved 74 inspection-hours onsite by two NRC inspectors and was begun during the regular hours.

Results: The licensee was found to be in compliance with NRC requirements in the six areas examined during the inspection except for the following one item: Failure of the licensee on four occasions to obtain receiver signatures on internal transfers involving movement of SNM from the ICA to the MBA.

(Details Part 2.790(d) Information)