



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 1000
ARLINGTON, TEXAS 76011

Paul H. H. H.

22 MAR 1979

Docket No. 99900268/79-01

Armco, Incorporated
Advanced Material Division
Attn: Mr. R. W. Schultz
QA Supervisor
13835 Beaumont Highway
Houston, Texas 77028

Gentlemen:

This refers to the QA Program inspection conducted by Mr. R. E. Oller of this office on February 5-9, 1979, of your facility at Houston, Texas, associated with the manufacture of welded piping and to the discussions of our findings with Mr. S. L. Smith and members of your staff at the conclusion of the inspection.

The inspection effort is not designed to assure that unique quality requirements imposed by a customer are being implemented; nor to assure that a specific product, component or service provided by you to your customers, is of acceptable quality. As you know, the NRC requires each of its licensees to assume full responsibility for the quality of specific products, components or services procured from others. You should therefore not conclude that the NRC's inspection exempts you from inspections by an NRC licensee or his agents nor from taking effective corrective action in response to their findings.

The areas examined during the inspection were implementation of: corrective action commitments identified subsequent to our previous inspection; a general review of your activities; manufacturing control of SA-312 piping including control of the manufacturing process, joint fitup and welding, and ultrasonic examination. The inspection consisted of examinations of procedures and representative records, interviews with personnel, and observations by the inspector.

As a result of the inspection, it appears that several of the corrective action commitments were not implemented and NRC requirements were not met. The specific findings and references to the pertinent requirements are identified in the enclosures to this letter.

In view of the above, please provide us within thirty (30) days of your receipt of this letter a written statement containing, (1) a description of steps you have taken, or plan to take, to assure that commitments on

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the part of management to implement corrective action will be accommodated, and that items not meeting NRC requirements will be corrected and prevented from recurrence, and (2) the date wherein such steps are, or will be, documented and effective. In addition, your response to this letter should deal with the failure to implement corrective action commitments for items A, B, and C listed in the enclosure to this letter.

In accordance with Section 2.790 of the Commission's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, a copy of this letter with enclosure and your reply, together with the enclosed inspection report will be placed in the Commission's Public Document Room. If this report contains any information that you believe to be proprietary, it is necessary that you make a written application within thirty (30) days to this office to withhold such information from public disclosure. Any such application must include a full statement of the reasons on the basis of which it is claimed that the information is proprietary, and should be prepared so that proprietary information identified in the application is contained in a separate part of the document. If we do not hear from you in this regard within the specified period, the report will be placed in the Public Document Room.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,


K. V. Seyfrit
Director

Enclosures:

1. Notice of Deviation
2. Inspection Report No. 99900268/79-01