



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
631 PARK AVENUE
KING OF PRUSSIA, PENNSYLVANIA 19406

OCT 1 1979

Docket Nos. 70-135
70-364

Babcock and Wilcox Company
Nuclear Materials and Manufacturing Division
ATTN: Mr. J. S. Dziewisz
Vice President
P. O. Box 1260
Lynchburg, Virginia 24505

Gentlemen:

Subject: Combined Inspections 70-135/79-06 and 70-364/79-09

This refers to the inspection conducted by Mr. W. L. Kushner of this office on March 5 to April 27, 1979, at your Apollo and Parks Township, Pa. facilities of activities authorized by NRC License Nos. SNM-145 and SNM-414 and to the discussions of our findings held by Mr. Kushner with Mr. W. F. Heer of your staff at the conclusion of the inspection.

Areas examined during this inspection are described in the Office of Inspection and Enforcement Inspection Report which is enclosed with this letter. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, measurements made by the inspector, and observations by the inspector.

In addition, the status of commitments made to the Resident Inspector by Mr. Heer as set forth in our letter to you dated March 20, 1979 and as confirmed in your April 16, 1979 letter were reviewed. Your commitment to assign representative special nuclear material values, by April 2, 1979, to the sludge recovered from the liquid effluent waste treatment system (Beta tank, A and B tanks) was met and details are discussed in Paragraph 2 of the enclosed report. This item is closed. Your commitment to upgrade liquid effluent sampling on the waste treatment and scrap recovery systems, including relocation of the beta tank continuous in-line samplers by April 2, 1979 is discussed in Paragraph 2 of the enclosed report. This item will remain open with the following understanding: for nuclear material control and accounting purposes, by October 15, 1979, all low enriched uranium liquid discharge systems will be upgraded to provide accurate measurement of material being discarded. In your response to this letter, please advise if this is in accordance with your understanding.

Based on the results of this inspection, it appears that one of your activities was not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. This item of noncompliance has been categorized into the levels as described in our correspondence to you dated December 31, 1974. This notice is sent to you pursuant

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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 (20) days of your receipt of this notice, a written statement or explanation in reply including: (1) corrective steps which have been taken by you and the results achieved; (2) corrective steps which will be taken to avoid further items of noncompliance; and (3) the date when full compliance will be achieved.

In accordance with Section 2.790(d) of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of findings of your control and accounting procedures for safeguarding special nuclear materials and your facility security procedures are exempt from disclosure; therefore, the pertinent sections of the enclosures to this letter, and your response to this letter will not be placed in the Public Document Room and will receive limited distribution.

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

Sincerely,



Walter G. Martin, Chief
Safeguards Branch

Enclosures:

1. Appendix A, Notice of Violation (Contains 2.790 Information)
2. Office of Inspection and Enforcement Combined
Inspection Report Nos. 70-135/79-06 and
70-364/79-09 (Contains 2.790 Information)

cc w/encl:

E. M. Benson, Manager, Pennsylvania Operations

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