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AUG 8 1979

Docket Nos. 70-135
70-364

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

Gentlemen:

Subject: Combined Inspection 70-135/79-04 and 70-364/79-04

This refers to the inspection conducted by Mr. W. L. Kushner of this office on February 5 to March 2, 1979, at your Appollo and Parks Township, Pennsylvania 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, and observations by the inspector.

Based on the results of this inspection, it appears that certain of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. These items of noncompliance have been categorized into the levels as described in our correspondence to you dated December 31, 1974. 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 (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.

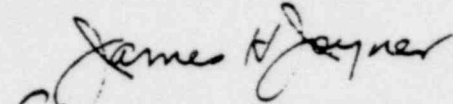
In accordance with Section 2.790(d) of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of findings of your control and accounting procedures for safeguarding special nuclear materials and your facility security procedures are exempt from disclosure; therefore,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

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

Sincerely,


for Walter G. Martin, Chief
Safeguards Branch

Enclosures:

1. Appendix A, Notice of Violation
2. Office of Inspection and Enforcement Combined Inspection
70-135/79-04; 70-364/79-04 (Contains 2.790 Info)

cc w/encls:

W. F. Heer, Manager, Pennsylvania Operations

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