



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

July 16, 1979

United Nuclear Corporation
ATTN: Mr. K. A. Cunningham, President
UNC Crescent Plaza
7700 Leesburg Pike
Falls Church, Virginia 22043

Docket No. 70-820
License No. SNM-777

Gentlemen:

The findings of our special inspection conducted during October and November 1978, of material control and accounting activities at your facility located in Wood River Junction, Rhode Island, are listed in Appendix A, Part 1, of this letter. The findings of our investigation conducted during September, October, and November, 1978, of the physical security program at your facility are listed in Appendix A, Part 2, of this letter. These findings indicate noncompliances over a broad range of areas and in certain instances, repeated noncompliance with the same basic requirements or areas which have been brought to your attention in Notices of Violation issued since October 2, 1975. Because of our concerns in these areas, we met with members of your corporate management on November 21, 1978, to discuss our findings and to review your efforts at corrective action. The need for management attention to improving both your plant security program and your material control and accountability program was emphasized during our November 1978 meeting.

In our view, the items of noncompliance in Appendix A raise serious concerns about the ability of United Nuclear Corporation to maintain effective security at the Wood River Junction facility as well as your ability to effectively control special nuclear material unless appropriate corrective action is taken. The repetitive nature of noncompliances raises serious concerns about the effectiveness of actions by United Nuclear Corporation to correct noncompliances brought to its attention in previous Notices of Violation. Consequently, to assure appropriate corrective action is taken we propose to impose civil penalties in the cumulative amount of Fifteen Thousand Seven Hundred Fifty Dollars (\$15,750) for these noncompliances. Appendix B to this letter is the Notice of Proposed Imposition of Civil Penalties. You are required to respond to this letter, and in preparing your response you should follow the instructions in Appendix B.

During the past three years, a total of thirteen items of noncompliance were identified with respect to your material control and accountability program. These included nine infractions and four deficiencies. The two items of noncompliance in Appendix A, Part 1, including a Violation level of noncompliance, were not included in these totals. During this approximate same time period, a total of thirty items of noncompliance were identified with respect to your physical security program. These included twenty-two infractions and eight deficiencies. The five items in Appendix A, Part 2, are not included in these totals.

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United Nuclear Corporation

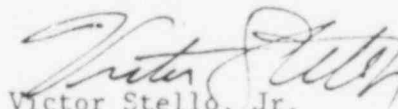
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While in the past no single item has directly compromised the programs for physical security and material control and accountability, we are concerned that the numerous and repetitive items of noncompliance indicate inadequate attention to proper and effective controls and that this condition may lead to more serious situations. Therefore, in your reply to this letter give particular attention to describing those actions you have taken or plan to take to improve your control of these programs to prevent further noncompliance. We are particularly interested in planned improvements to better control adherence to your Physical Security Plan, your Material Control and Accountability Plan, and associated procedures.

We intend to augment the NRC inspection effort at your facility so that we may evaluate the effectiveness of your corrective actions in a more comprehensive manner, and to determine what, if any, further enforcement action may be appropriate.

In accordance with Section 2.790 of the NRC's "Rules of Practice", Part 2, Title 10, Code of Federal Regulations, a copy of this letter and certain of the enclosures will be placed in the NRC's Public Document Room. However, in accordance with 2.790(d), documentation of findings regarding your facility security measures are exempt from disclosure, therefore, those sections of the enclosures that deal with the details of facility security and the related portions of your response will not be placed in the Public Document Room and will receive limited distribution.

Sincerely,



Victor Stello, Jr.
Director
Office of Inspection
and Enforcement

Enclosures:

1. Appendix A, Notice of Violation (Contains 2.790 Info)
2. Appendix B, Notice of Proposed Imposition of Civil Penalties

cc: C. E. Bowers, General Manager
Fuel Recovery Operation