



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION II
101 MARIETTA ST., N.W., SUITE 3100
ATLANTA, GEORGIA 30303

APR -1 1980

In Reply Refer To
RII:JWB
70-1201/80-04-

Babcock and Wilcox Company
ATTN: Mr. W. F. Heer, Manager
Virginia Operations Nuclear Materials
and Manufacturing Division
Commercial Nuclear Fuel Plant (CNFP)
P. O. Box 800
Lynchburg, VA 24505

Gentlemen:

This refers to the inspection conducted by J. W. Bates of this office on March 4-7, 1980, of activities authorized by NRC License No. SNM-1168 at Commercial Nuclear Fuel Plant and to the discussions of our findings held with W. F. Heer at the conclusion of the inspection.

Areas examined during this inspection included your program for nuclear material control and accountability under the applicable provisions of Title 10, Code of Federal Regulations, Part 70, "Special Nuclear Material", and specific license conditions. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, performance tests, and observations by the inspector.

During this inspection, it was found that certain activities under your license appear to be in noncompliance with NRC requirements. These items and references to pertinent requirements are listed in the Notice of Violation enclosed herewith as Appendix A. 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 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 have been taken to avoid further noncompliance; and
- (3) the date when full compliance will be achieved. Details of activities involving safeguards and security measures are exempt from disclosure in accordance with 10 CFR 2.790(d). Therefore, your response should be incorporated in a separate paper and referenced in your reply.

In accordance with Section 2.790(d) of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, activities involving safeguards and security measures are exempt from public disclosure; therefore, the enclosures to this letter with the exception of the report cover page, which is an inspection summary, will not be placed in the Public Document Room.

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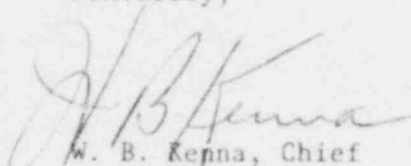
Babcock and Wilcox Company

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

Sincerely,


W. B. Kenna, Chief
Safeguards Branch

Enclosures:

1. Appendix A, Notice of Violation
(Exempt from Disclosure)
2. Inspection Report No. 70-1201/80-04
3. Inspection Summary
(Not Exempt)