

AUG 18 1980

SGPL:GM1
70-1257

Dr. Roy Nilson
Exxon Nuclear Company, Inc.
Research and Technology Center
2955 George Washington Way
Richland, Washington 99352

Dear Dr. Nilson:

This is to confirm our understanding of the results of our meeting in my office on August 7, 1980.

You indicated that you have every reason to expect that DOE will agree to accept the plutonium you presently have in storage. You further advised that you anticipate being able to confirm this and to provide a schedule for disposition of your material by approximately October 1, 1980.

We fully appreciate your desire to avoid unnecessary capital expenditures to upgrade your physical protection program if you will only have Category I quantities of material for a brief period after the required implementation date of the new rule. This notwithstanding, we cannot grant an exemption from the rule. We do, however, believe that your present plan provides an acceptable level of protection against the design basis threat for the external adversary. It was noted during our meeting, however, that certain actions would be necessary to upgrade your plan to provide an adequate level of protection against an act of conspiracy between insiders. Recognizing the uncertain situation as it pertains to your continued possession of Category I quantities, an extension is granted to the required submission date of your plan to meet the new requirements of 10 CFR Part 73. We are hereby establishing a new date for the submittal of a plan to arrive at this office no later than December 31, 1980. This extension does not extend the required implementation date of the plan.

It is further recalled that we discussed with you the desirability of anticipating the situation if you find that you are unable to dispose of your plutonium. It would appear logical to develop two plans, the first to accommodate to the requirements of the Upgrade Rule on a short-term basis using personnel intensive measures with the second plan to consider the eventuality that you might continue as a Category I facility.

OFFICE ▶						
SURNAME ▶						
DATE ▶						

8010070 635

Dr. Roy Nilson

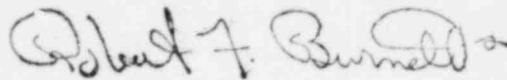
- 2 -

AUG 18 1980

We also discussed extending the required submission date for items required under 10 CFR parts 25 and 95. It is recalled that a representative of the Division of Security was present during these discussions and that they did not foresee substantial problems to such an extension. They are presently assessing your request and will advise you in the near future.

I would very much appreciate you keeping us advised on a current basis concerning the status of your negotiations with DOE on this matter.

Sincerely,



Robert F. Burnett, Director
Division of Safeguards, NMSS

DISTRIBUTION:

- NMSS r/f
- SGPL r/f
- Case File
- DOcket
- PDR
- LPDR
- RFBurnett
- LCRouse
- DWeiss
- RLFonner
- JGuibert
- RGPage
- LLBush
- RRRentschler
- JGPartlow
- RJBrady

OFFICE ▶	SGPL <i>[Signature]</i>	SEC <i>[Signature]</i>	SG <i>[Signature]</i>	SG <i>[Signature]</i>	SG <i>[Signature]</i>
SURNAME ▶	GWMcCorkle	RJBrady	TCThayer	DRChape11	RFBurnett
DATE ▶	8-15-80	8-15-80	8- -80	8- -80	8-15-80

on leave *on leave* *BB*