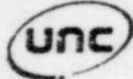


# UNC NAVAL PRODUCTS

PDR

70-371

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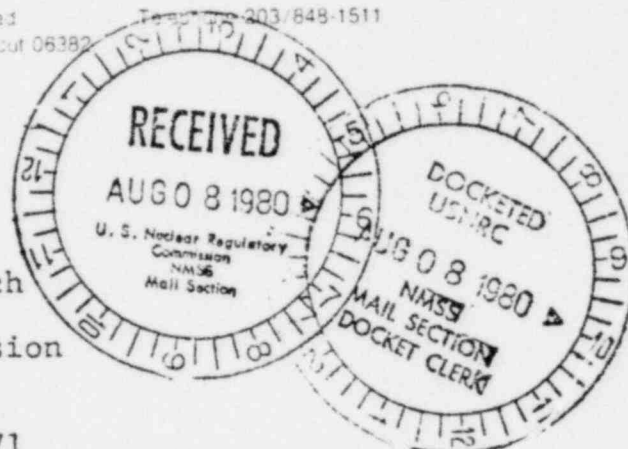
Division of United Nuclear Corporation  
A UNC RESOURCES Company

67 Sandy Desert Road  
Uncasville, Connecticut 06382

Telephone 203/848-1511

June 25, 1980

Mr. James G. Partlow, Chief  
Material Control Licensing Branch  
Division of Safeguards  
U S Nuclear Regulatory Commission  
Washington, D. C. 20555



Reference: 1) Docket No. 70-371  
2) License SNM 368  
3) Letter to D. E. Ganley from J. G. Partlow,  
Concerns for Future NP Scrap Processing,  
dated 6/8/80

Dear Mr. Partlow:

This is in response to your letter of June 8, 1980 in which you expressed concern over the potential adverse effect on UNC Naval Products' facility safeguards program because of the recent decision to terminate recovery of high enriched uranium at UNC Recovery Systems. You also expressed concern over excessive scrap accumulation which is not conducive to effective safeguards and code requirements to process Naval Products' scrap with greater than 10% limit of error within a 6-month time interval.

UNC Naval Products' intended course of action is to contract scrap recovery services from B&W Navy Nuclear Fuel Division, Lynchburg, Virginia. Discussions are currently in progress to confirm recovery prices and obtain agreement to purchase and install an accountability assay tank. UNC Naval Products plans to negotiate a recovery contract and make selected fuel shipments to B&W in September 1980. UNC Naval Products' personnel realize that actual recovery at B&W will not commence until 1) the accountability assay tank has been evaluated and approved, 2) licensing arrangements for B&W and UNC have been approved by NRC and, 3) shipper and receiver SNM measurements prior to assay have been agreed to.

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Applicant	.....
Check No.	116568
Amount	700.00
Date of Rec.	7/1/80
Check Rec'd.	8/17/80
Received By	.....

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Mr. James G. Partlow  
June 25, 1980  
Page 2

UNC Naval Products intended course of action to prevent accumulation of scrap is to complete a 100 Kg U recovery campaign currently in progress at UNC Recovery Systems. This campaign will complete recovery of one-half the scrap originally projected for FY 81. The additional accumulation of scrap, currently at 27 Kgs elements and 4 Kgs fillers is planned for shipment to B&W beginning in September 1980. Accumulation of these types of "scrap" as well as contract overage elements are not believed to affect the accuracy of the safeguards program.

The intended course of action for the dirty scrap at Naval Products, which consists primarily of sludges, filters and chips, is to ship it to UNC Recovery Systems as generated. The last shipment is scheduled for July 8, at which time UNC Naval Products will be current with dirty scrap.

The impact of the UNC Recovery Systems shutdown will, therefore, affect UNC Naval Products from a non-compliance situation in January 1981. UNC Naval Products wishes to avoid all non-compliance situations, realize fully the NRC licensing requirements which must be approved, and welcome the August meeting between NRC, B&W and UNC suggested by your personnel to discuss and expedite commencement of B&W outside recovery services.

Please contact me should you have comments or questions concerning this reply.

Very truly yours,

UNC Naval Products

*D. E. Ganley*  
D. E. Ganley  
President

rmc