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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V
1990 N. CALIFORNIA BOULEVARD
SUITE 202, WALNUT CREEK PLAZA
WALNUT CREEK, CALIFORNIA 94596

November 28, 1980

Docket Nr. 70-1257

Exxon Nuclear Company Inc.
2955 George Washington Way
Richland, Washington 99352

Attention: Dr. R. Nilson
Corporate Licensing and Compliance

Gentlemen:

This letter refers to the routine safeguards inspection of your activities authorized under NRC License No. SNM-1227 conducted by Messrs. B. Brock, Y. Kobori and A. Wieder of this office and H. Werner of NRC-HQ on September 25 - October 3 and October 27-30, 1980. It also refers to the discussion of our inspection findings held by the inspectors with Mr. L. Hansen and other members of management and staff on October 3 and October 30, 1980.

The inspection included examination of activities related to your program for the control and accounting of special nuclear material in accordance with applicable requirements of Title 10, Code of Federal Regulations, Part 70, "Domestic Licensing of Special Nuclear Material", and pertinent license conditions as described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and records, interviews with facility personnel and observations by the inspectors.

Based on the results of this inspection it appears that one of your activities was not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. Pursuant to the provisions of 10 CFR 2.201 you are required to respond as indicated in Appendix A.

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 safeguards and security procedures are exempt from disclosure;

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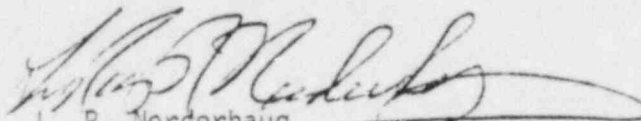
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therefore, the enclosure(s) to this letter, the inspection report, and your response to the item(s) listed in the enclosure(s) to this letter will not be placed in the Public Document Room and will receive limited distribution.

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

Sincerely,



L. R. Norderhaug
Chief, Safeguards Branch

Enclosures:

1. Appendix A - Notice of Violation
2. Inspection Report
No. 70-1257/80-08 (IE-V-408)