

DEC 20 1989

Identical Letters Sent to Attached

Gentlemen:

On August 19, 1987, the NRC issued an Order Modifying License which prohibited the filling, heating, emptying, or delivering to a carrier for transport 48-inch and 30-inch diameter uranium hexafluoride cylinders fitted with 1-inch valves manufactured in Superior Valve Company lots numbered 16 through 22. The Order also required that all valves in stock be inspected and that all valves be re-inspected before fitting them into cylinders. On September 25, 1987, the NRC modified the Order to read Superior lots numbered 17 through 22.

In early 1989, Superior Valve Company agreed to refurbish the valves in heat lots 17 through 22. (See enclosed letter dated February 27, 1989, re agreement with Martin Marietta Energy Systems.) On April 12, 1989, Bob Dyer, Department of Energy (DOE), notified the NRC staff that Energy Systems had not been successful in developing a cost-effective non-destructive method that would distinguish acceptable valves from rejectable valves. By letter dated April 18, 1989, (copy enclosed) Mr. R. O. Hultgren, Director, Enriching Operations Division, DOE, Oak Ridge Operations, reported that (1) Energy Systems had investigated and concluded that there is no way to repair the valve bodies and (2) DOE will continue to refuse to use or accept any of the valves from heat lots 17 through 22. Other valve parts are not deficient and may be salvaged for use in other valve bodies.

We are prepared to withdraw the 1987 Order provided that you inform this office in writing that all valves from heat lots 17 through 22 have been returned to Superior for refurbishment or have been destroyed. Remission of the Order will terminate the requirement to inspect valves for these heat lot numbers before fitting new valves into cylinders.

9001030017 891220
PDR ADOCK 04003392
C PDC

1/1
DFV4

DEC 20 1989

If you have any questions, please contact the licensing Project Manager of my staff.

Sincerely,

Original Signed By:

Glen L. Sjoblom, Acting Chief
Fuel Cycle Safety Branch
Division of Industrial and
Medical Nuclear Safety, NMSS

Enclosures: As stated

cc: M. Wangler, DOT
B. Dyer, DOE
W. G. Martin, AECB

Distribution w/encls.

Docket Nos. 40-3392	Region I	JRoth, RI	LPDR
40-8576	Region II	GTroup, RII	PDR
70-143	Region III	WCline, RII	GFrance, RIII
70-36	Region IV	BSpitzberg, RIV	NRC File Center
70-1201	Region V	CHooker, RV	NMSS R/F
40-8027	IMSB R/F	IMUF R/F	VLTharpe (10)
70-734	WSPernington	SSoong	DMcCaughy
70-1113	CRobinson	MHorn	EFlack
70-1151	GSjoblom	GHBidinger	CEMacDonald, SGTB
70-1257			

-----	-----	-----	-----
OFC:IMUF:	IMUF:	IMUF:	IMSB:
-----	-----	-----	-----
NAME:WSPernington:mh:	VLTharpe:	GHBidinger:	GSjoblom:
-----	-----	-----	-----
DATE:12/20/89:	12/ /89:	12/20/89:	12/ /89:

OFFICIAL RECORD COPY

Docket No. 40-8027
License No. SUB-1010

Sequoyah Fuels Corporation
ATTN: Mr. Scott P. Knight
Vice President of
Administration
P.O. Box 610
Gore, OK 74435

Docket No. 70-1201
License No. SNM-1168

Babcock & Wilcox
Commercial Nuclear Fuel Plant
ATTN: Ms. K. S. Lester
License & Control Administrator
P.O. Box 11646
Lynchburg, VA 24506-1646

Docket No. 70-36
License No. SNM-33

Combustion Engineering, Inc.
ATTN: Mr. J. A. Rode, Plant Manager
Hematite Fuel Manufacturing
P.O. Box 107
Hematite, MO 63047

Docket No. 70-143
License No. SNM-124

Nuclear Fuel Services, Inc.
ATTN: Mr. Bruce Knight
Director of Safety
P.O. Box 218
Erwin, TN 37650-9718

Docket No. 40-8576
License No. SUC-1287

Edlow International Co.
ATTN: Mr. Robert Rich
1666 Connecticut Avenue NW, Suite 500
Washington, DC 20009

Docket No. 40-3392
License No. SUB-526

Allied-Signal, Inc.
ATTN: Mr. J. C. Bishop
Plant Manager
P.O. Box 430
Metropolis, IL 62960

Docket No. 70-1257
License No. SNM-1227

Advanced Nuclear Fuels Corporation
ATTN: Mr. C. W. Malody
Manager, Corporate Licensing
2101 Horn Rapids Road
Richland, WA 99352-0180

Docket No. 70-1151
License No. SNM-1107

Westinghouse Electric Corporation
ATTN: Mr. A. J. Nardi
Manager, NES License Administrator
P.O. Box 355
Pittsburgh, PA 15230-0355

Docket No. 70-1113
License No. SNM-1097

General Electric Company
ATTN: Mr. T. Preston Winslow
Manager, Licensing & Nuclear
Materials Management
P.O. Box 780
Wilmington, NC 28402

Docket No. 70-734
License No. SNM-696

General Atomics
ATTN: Dr. Keith E. Asmussen
Manager, Licensing, Safety,
and Nuclear Compliance
P.O. Box 85608
San Diego, CA 92138

February 27, 1989

Subject: One Inch UP6 Cylinder Valves Model 95654X1
Manufactured by Superior Valve Co.

Dear Mr.

We are pleased to announce that a program involving the refurbishing of one inch uranium hexafluoride cylinder valves Model #5654X1 manufactured in heats 17 through 22 has been established. A tentative agreement has been reached with Martin Marietta Energy Systems (acting on behalf of the Department of Energy) for the refurbishment of uranium hexafluoride cylinder valves that are considered to have "possible defective valve body material".

This valve refurbishment program will include replacement of the valve body and bonnet nut on those valves in heats 17-22. The refurbishment will be done in accordance with Martin Marietta Energy Systems and Superior Valve Company's current specifications for the manufacture of one inch UP6 cylinder valves.

We are offering this refurbishment program to all customers that purchased valves in heats 17-22. The cost of these refurbished valves will be \$170.06 each net.

Superior Valve Company has also entered into an agreement with Martin Marietta to manufacture a quantity of new one inch UP6 cylinder valves. In addition to the refurbishment program we are now in a position to accept orders for new valves for your future requirements. The following are the current selling prices for new valves:

<u>Quantity</u>	<u>Price Each Net</u>
1 - 99	\$339.48
100 - 499	\$308.62
500 - 999	\$282.90
1000 - up	\$261.14

These prices reflect an increase of approximately 45% in material costs due to dramatic increases in the brass and copper market indexes. Also new and extensive testing, certification procedures and fabrication costs as required by the latest specification contribute to the above new prices.

February 27, 1989

Page 2

Delivery on new valve orders is expected in the 4th Quarter of 1989. At this time we need to establish a total requirement for new and refurbished valves to meet suppliers cut off date of March 31st. To order raw material from our forging and parts suppliers. Delivery on refurbished valves will be determined based on customer participation in the refurbishment program and will be advised at a later date.

If you are interested in purchasing new valves or participating in the refurbishment program, please contact me by March 31st for order placement. If you have any questions regarding placement of new orders or the refurbishment program, please also contact me. My phone number is 412-225-8000 or FAX me. Our number is 412-225-6188.

Very truly yours,

Walter "Bud" Allen
Export & Government
Services Manager

WA/ces