



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION V

SUITE 202, WALNUT CREEK PLAZA
1990 N. CALIFORNIA BOULEVARD
WALNUT CREEK, CALIFORNIA 94596

FEB 14 1979

*Central
Files*

Docket No. 70-25

Energy Systems Group
Rockwell International
8900 DeSoto Avenue
Canoga Park, California 91304

Attention: Mr. R. G. Jones
Vice President and Controller

Gentlemen:

Subject: NRC Inspection

This letter refers to the inspection of your activities authorized under NRC License No. SNM-21 conducted by Mr. M. D. Schuster of this office on January 22-24, 1979. It also refers to the discussion of our inspection findings held by the inspector with you and members of your staff on January 24, 1979 and with Mr. M. E. Remley on February 1, 1979.

The inspection included examination of activities related to physical protection against industrial sabotage and against theft of special nuclear material in accordance with applicable requirements of Title 10, Code of Federal Regulations, Part 73, "Physical Protection of Plants and Materials," your Security Plan, and license conditions pertaining to physical protection 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 inspector.

Based on the results of this inspection, it appears that certain of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation, enclosed herewith as Appendix A. The items of noncompliance are categorized into the level as described in our correspondence to all NRC licensees dated December 31, 1974.

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Energy Systems Group

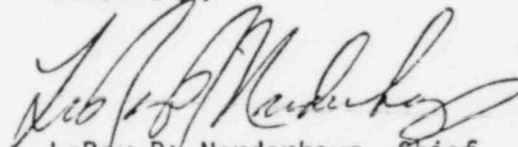
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This notice is sent to you pursuant to the provisions of Section 2.201 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations. Section 2.201 requires you to submit to this office within 20 days of your receipt of this notice, a written statement of explanation in reply, including: (1) steps which have been or will be taken by you to correct the violation, and the results achieved; (2) steps which will be taken to avoid further violations; and (3) the date when full compliance will be achieved.

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 control and accounting procedures for safeguarding special nuclear materials and your facility security procedures are exempt from disclosure; therefore, Appendix A, the inspection report, and your response to the items listed in Appendix A 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,



LeRoy R. Norderhaug, Chief
Safeguards Branch

Enclosures:

1. Appendix A - Notice of Violation
2. Inspection Report
No. 70-25/79-01 (IE-V-278)

cc (w/enclosures)
Mr. M. E. Remley