



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20565-0001

January 4, 1994

FCOB:RFC

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

General Atomics
ATTN: Mr. James R. Edwards
Vice President, General Counsel and Secretary
P.O. Box 85608
San Diego, CA 92186-9784

Dear Mr. Edwards:

SUBJECT: INSPECTION NO. 70-734/93-201

The Nuclear Regulatory Commission conducted an inspection of your facility's material control and accounting safeguards program during the week of November 29 - December 2, 1993. The scope and results of the inspection are summarized in Enclosure 1 and the areas examined during the inspection are detailed in Enclosure 2.

The inspection consisted of selective examinations of procedures and representative records, interviews with personnel and observations of activities in progress. At the conclusion of the inspection, the findings were discussed with you and members of your staff.

Within the scope of the inspection, five violations of regulatory requirements were identified as specified in the enclosed Notice of Violations (Enclosure 3). The violation originally identified by the NRC during a February 1992 inspection concerning failure to review and approve a measurement procedure before use has not been adequately corrected. As a result, the severity level of this violation has been increased in accordance with Section IV.B. of the NRC Enforcement Policy (10 CFR 2 Appendix C). In addition, four inspector follow-up items in the area of management control of your material control and accounting program were also identified. Details of these violations and inspector follow-up items are provided in the enclosed Inspection Report.

We are concerned about the number of violations and other material control and accounting program weaknesses identified during this inspection. These violations and program weaknesses appear to indicate a lack of management control and oversight of your material control and accounting program. In addition, a review of inspection reports covering the last 2 years of operations at your facilities indicated similar concerns in your criticality safety program (1991) and your radiation safety program (1992). We will be contacting you in the near future to schedule a meeting to discuss your plans for improving management controls and oversight of your licensed program.

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You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken for the violations and any additional actions you plan to prevent recurrence. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether future NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements. In addition to the response required for the enclosed Notice, your proposed actions for improving management controls and oversight of your licensed program should also be addressed.

The response directed by this letter and the enclosed Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, Pub. L. No. 96-511.

Under provisions of Section 2.790(d), reports containing information related to a licensee's material control and accounting program are exempt from public disclosure. Accordingly, Enclosures 2 and 3 will not be placed in the Public Document Room.

Should you have any questions concerning this letter, please contact us.

Sincerely,

C. N. (Mike) Smith, Chief
 Operations Branch
 Division of Fuel Cycle Safety
 and Safeguards, NMSS

Enclosures: As stated

cc: w/o Enclosures 2&3
 Mr. Gordon K. Van Vleck, DNS
 Sacramento, CA

bcc: w/ Enclosures
 Dr. Keith Asmussen, Director
 Licensing, Safety and Nuclear
 Compliance, General Atomics

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