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February 23, 1994

VIA HAND DELIVERY

Mr. Brian K. Grimes
Director, Division of Operating
Reactor Support
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Re: Five Star Products, Inc.;
Information Notice No. 92-66

Dear Mr. Grimes:

In response to your letter dated February 10, 1994, my client, H. Nash Babcock, has written the enclosed letter in an effort to correct the record, and has asked that I forward his letter to you.

We were pleased that you stated in your letter that "(t)he NRC issuance of the information notice [No. 92-66] does not constitute a prohibition on the use of Five Star products by Commission licensees". However, we fail to understand how it follows that Information Notice No. 92-66 "does serve to inform the industry of information which may affect the safe operation of a licensee facility."

If it is a fact -- as it is -- that Five Star's products "did not constitute a safety concern", as the Staff has conceded, the NRC does a disservice to the nuclear industry by failing to supplement Information Notice No. 92-66 to so state, because the effect of that Information Notice was to discourage the use of Five Star's products, regardless of the NRC's intent.

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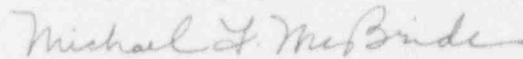
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Mr. Brian K. Grimes
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NRC licensees use Five Star grout because of its unique, non-shrink characteristics, which enhance the safety of NRC-licensed facilities. For that reason, we must again request that the Commission supplement Information Notice No. 92-66 with its Staff's conclusion about Five Star's products.

Thank you for your further consideration of this matter.

Very truly yours,



Michael F. McBride

Attorney for Five Star Products,
Inc., Construction Products
Research, Inc., H. Nash Babcock
and William N. Babcock

cc (w/encl.): The Honorable Ivan Selin
The Honorable Forrest Remick
The Honorable Kenneth Rogers
The Honorable Gail de Planque
Charles Mullins, Esq.
Mr. Barry Letts
Mr. James Lieberman
Mr. H. Nash Babcock
H. James Pickerstein, Esq.

FIVE STAR PRODUCTS, INC.

425 Stillson Road • Fairfield, Connecticut 06430-3148 • (203) 336-7900

February 18, 1994

Michael F. McBride, Esq.
LeBoeuf, Lamb, Greene & MacRae
1875 Connecticut Avenue, N.W.
Washington, DC 20009-5728

Dear Mike:

Re: The NRC's February 10, 1994 Response Regarding Information Notice 92-66

I have written this letter for the express purpose of having you forward it to the appropriate NRC officials once you have had an opportunity to review it.

There are several items in the letter sent to you by Mr. Brian Grimes, of the Nuclear Regulatory Commission, dated February 10, 1994, that are factually incorrect. We need to address these errors in order to correct the record, because the NRC, based on Mr. Grimes' letter, still misunderstands the events that occurred on our premises in August, 1992.

- * ¶2, Sentence 1: We did not deny the NRC inspectors access to the laboratory in August, 1992. Mr. John S. Ma, a civil engineer on the NRC inspection team, was escorted to the lab where he conducted an inspection of the test laboratory. We explained to him and the rest of the inspection team that we had confidential patent work in progress and numerous foreign and domestic agreements that promise complete confidentiality. Upon completion of Mr. Ma's investigation, he returned to the conference room where I was meeting with Mr. Pettis, and stated that there certainly was a lot of equipment, also commenting that we do a lot of work down in that lab. I believe Mr. Ma was also shown the equipment certifications done by outside inspectors, which were all up to date.
- * Regarding test records, two (2) members of the inspection team went upstairs and reviewed test records with Henry Allen in our Technical Services area, where these matters are processed.
- * The NRC inspectors informed me that they had to come back. Since this inspection occurred a week or so before Labor Day weekend, and I was leaving on an overseas trip, I asked that they come back after Labor Day when all our key people would be back in the office to help.
- * We were never given a copy of the NRC regulations governing inspections conducted by NRC inspectors. Mr. Pettis showed me his copy, but would not leave it with me. When we asked our corporate counsel how to proceed, he advised that we should obtain a copy of the regulations and send it to him. He advised me to ask the NRC inspection team to come back to finish their inspection after Labor Day when key personnel would be in the office to offer assistance and answer questions.

- * ¶2, Line 8: Regardless of the NRC's intent in issuing Information Notice No. 92-66, the effect has been to cause most of our clients that are regulated by the NRC and other government agencies to refuse to work with us. Without more information in the marketplace, the considerable damage that has been done to our firm through the misrepresentations regarding what actually took place and what was said at the time of the inspection, will go on unremedied.
- * ¶3, Line 1: There appears to be a gross misunderstanding of our letter of August 25, 1992, suspending our 10 CFR Part 50, Appendix B, QA program. We always tested all commercial grade products, which included NRC products, before shipment to ensure that they meet our quality standards. The test requirements of 10 CFR Part 50, Appendix B, are the same as ours. We use Construction Products Research, Inc. as our independent testing laboratory for the duplicate NRC tests, because it has always operated independently and, in our opinion, is much more skilled and accurate than many other laboratories that we have used. The only products shipped to nuclear facilities when we were under 10 CFR Part 50, Appendix B, were actually the same commercial grade products that just had duplicate tests run to meet the 10 CFR 50 requirements. All our products used on nuclear projects were checked by the NRC licensee's general contractor at the job site to the best of my knowledge.
- * Page 2, ¶1: We consider CPR's employees to be of a higher caliber than individuals employed by outside laboratories. We have often had to train outside laboratories on how to properly run tests. CPR also holds most of the patents that we have in concrete.

In writing this letter, my hope is that some of the misunderstandings about Five Star and its products will be finally resolved, and that the NRC will revise that damaging and erroneous notice it sent out.

Sincerely,

H. Nash Babcock/sks
H. Nash Babcock
Chairman

HNB:sksf