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October 3, 1994

East Jordan Iron Works, Inc.
ATTN: Trace K. Malpass
Executive Vice President
P.O. Box 439
East Jordan, MI 49727

SUBJECT: NRC INSPECTION REPORT NO. 030-13173/94001(DRSS)

Dear Mr. Malpass:

This refers to the special safety inspection conducted on August 8, 1994, with additional information received on September 21, 1994, to review Byproduct Material License No. 21-13462-02. The onsite inspection was conducted on August 8, 1994, by Ms. Evelyn R. Matson of the NRC Region III Office. At the conclusion of the onsite inspection, the preliminary findings were discussed with you and those members of your staff identified in the enclosed report.

Further review of these matters was conducted by my staff in the NRC Region III Office including several telephone conferences with members of your staff. Our conclusions from the onsite inspection and in-office review which are documented in the enclosed report were discussed between Ms. Matson of my staff and you on September 26, 1994.

During the inspection, we identified five apparent violations that are being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), 10 CFR Part 2, Appendix C. The apparent violations are described in the enclosed report. The number and characterization of apparent violations described in the enclosed inspection report may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding these apparent violations is required at this time.

An enforcement telephone conference to discuss these apparent violations has been scheduled for October 12, 1994, at 10 a.m. (CDT). The decision to hold an enforcement conference does not mean that the NRC has determined that violations have occurred or that enforcement action will be taken. The purposes of this conference are to: (1) discuss the apparent violations, their causes and safety significance; (2) provide you the opportunity to point out any factual errors in our inspection report; and (3) provide an opportunity for you to present the corrective actions you have taken and any further actions you plan to take.

In addition, this conference is an opportunity for you to provide any information concerning your perspectives on: (1) the severity level of the violations pursuant to Supplement VI of the Enforcement Policy and (2) the application of the factors that the NRC considers when it determines the amount of a civil penalty that may be assessed in accordance with Section VI.B.2 of the Enforcement Policy.

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East Jordan Iron Works, Inc.

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

Sincerely,

W. L. Axelson, Director
Division of Radiation Safety
and Safeguards

License No. 21-13462-02
Docket No. 030-13173
EA No. 94-200

Enclosure: Inspection Report
No. 030-13173/
94001(DRSS)

bcc w/encls: J. Lieberman, OE
J. Goldberg, OGC
R. Bernero, NMSS
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