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EIGHTY PINE STREET
NEW YORK, N.Y. 10005

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F. ARNOLD DAUM
JERROLD G. VAN CISE
COUNSEL
FREDDY GRESSEN **
EUROPEAN COUNSEL
WASHINGTON, D. C. OFFICE
1880 K STREET, N.W.
WASHINGTON, D. C. 20006
EUROPEAN OFFICE
18 RUE FRANCOIS 1ER
75008 PARIS, FRANCE
TELEPHONE 212-225-0100
TELEX 127028
TELEGOP N 212-225-4102
* ADMITTED S.E. ONLY
** ADMITTED FRANCE ONLY

June 10, 1983

Re: Tube-Line Corporation

VERY

Dear Mr. Collins:

As you know, officials from your regional office have recently examined the activities of the Tube-Line Corporation ("Tube-Line") relating to its supply of carbon and stainless steel materials for nuclear applications. We understand that reports setting forth findings of the NRC officials will be issued within the near future, and are likely to contain various recommendations for action by Tube-Line. We also understand that the agency is considering the issuance of an additional written notification, e.g., a Bulletin or Information Notice, relating to Tube-Line to all holders of NRC operating licenses or construction permits for nuclear power reactor facilities. In our view, issuance of such additional written notification by the NRC is unnecessary and would serve no useful purpose. At the very least, we would urge that the agency refrain from any final decision as to whether to take such administrative action until the pending reports have been issued to Tube-Line, the company has had an opportunity to respond to any recommended corrective steps, and the agency has had an opportunity to evaluate the need for further action.

As you know, on March 7, 1983 the NRC issued an Information Notice (83-07) ("Notice") to all holders of operating licenses or construction permits for nuclear power

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reactor facilities, as well as fuel facilities, describing various alleged non-conformities with materials supplied by Tube-Line.

The Notice did not distinguish between the stainless steel division and the carbon-steel division of Tube-Line. Moreover, the types of non-conformities it cited appear to include many of the principal concerns raised by NRC officials during their visits to the company's facilities, including the adequacy of heat treatment procedures. The effect of the Notice has been to cause virtually all existing and potential customers of Tube-Line, including a broad range of reactor licensees, to contact the company and its distributors concerning Tube-Line's quality assurance practices for nuclear (and in some cases non-nuclear) products. In this connection, we note that the Notice asserted that there are similarities between the non-conformities cited with respect to Tube-Line materials and those involved in the Ray Miller, Inc. matter. This attempt to link Tube-Line with the Ray Miller, Inc. type of situation - which in our view is totally unjustified and without precedent in this type of administrative action by the NRC - has greatly intensified the scrutiny to which Tube-Line has been put by the marketplace.

Immediately upon becoming aware of concerns about its quality assurance practices, Tube-Line instituted an intensive review of its quality assurance program. As part of this effort, it has communicated with each end-user of materials supplied for nuclear applications from its carbon steel division, and each end-user of its stainless steel products which appear to have any deviation from technical requirements that could affect their operational integrity. As reported to you in letters dated June 6, 1983 from Vern Anderson, Director of Quality Assurance at Tube-Line and June 9, 1983 from Jack Sharkey, Vice-President and General Manager, Stainless Steel Division, the company has located and identified the application of all but 18 out of 1053 stainless steel pieces, and all but 468 out of 2258 carbon steel pieces (all non-heat treated and inadequately tested pieces have been located). Further, Tube-Line has contacted the utilities reported to have received these outstanding pieces and their status should be known very soon.

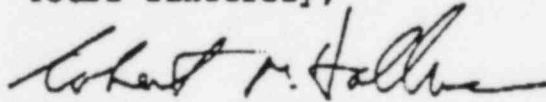
In sum, all nuclear power reactor facility licensees have been made aware of the NRC's concerns with respect to Tube-Line materials either directly through the March 7

Information Notice or indirectly by virtue of Tube-Line's efforts to notify all end-users as indicated above. It, therefore, appears unnecessary for the NRC at this time to issue an additional written notification to its licensees. This is not a situation in which there has been any reported failure of materials supplied by Tube-Line.

Tube-Line's customers and its competitors are well aware that the NRC has expressed concerns about Tube-Line's materials supplied for nuclear application. The company is expending the resources necessary to respond. We also note that since January 1983, the company has voluntarily suspended any sales of materials for nuclear application and intends to continue to do so until it is assured that its quality assurance system is in all respects adequate.

Tube-Line has endeavored to cooperate fully with the NRC in its efforts to evaluate the company's quality assurance program. The company has aggressively sought to identify and take appropriate corrective action with respect to any potential safety problems arising from materials supplied for nuclear applications. Further, it intends to respond promptly to recommendations contained in the pending reports. We believe that the efforts of the company and NRC now underway are adequate to ensure timely, effective resolution of any safety issues.

Yours sincerely,



Robert M. Hallman
Counsel for Tube-Line

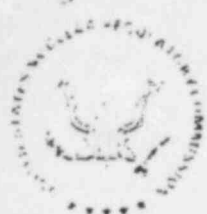
Mr. John Collins
Regional Administrator
Region IV
U.S. Nuclear Regulatory Commission
611 Ryan Plaza Drive - Suite 1000
Arlington, Texas 76011

cc: Guy H. Cunningham, III, Esq.
Executive Legal Director
Nuclear Regulatory Commission

William L. Brown, Esq.
Regional Counsel, Region IV

Edward L. Jordan
Director
Engineering & Quality Assurance
Division
Office of Inspection & Enforcement

Richard C. DeYoung
Director
Office of Inspection &
Enforcement



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 1000
ARLINGTON, TEXAS 76011

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June 17, 1983

CLNTL

Robert M. Hallman, Esq.
Cahill, Gordon and Reindel ELG-CGR
Eighty Pine Street
New York, New York 10005

Dear Mr. Hallman:

This is in response to your June 10, 1983, letter to John Collins, Regional Administrator of the NRC's Region IV Office, on behalf of your client Tube-Line Corporation (Tube-Line). In that letter, you assured Mr. Collins that Tube-Line is taking all necessary steps to rectify the situation in question. In addition, you expressed the view that issuance of any additional written notification by the NRC regarding the nuclear application of Tube-Line products would be "unnecessary and would serve no useful purpose." You asked that, at the very least, the NRC refrain from any final decisions until after certain other actions have taken place.

The assurances that Tube-Line is rectifying the situation in question are most certainly welcome by the NRC. However, you should understand that the NRC has an independent obligation to fully and properly carry out its statutory responsibilities with respect to public health and safety. It intends to exercise these responsibilities consistent with this obligation which would include any decision to issue additional written notification regarding the nuclear application of Tube-Line products. Of course, to the extent that Tube-Line has any additional information that has a bearing on this matter, you are urged to encourage your client to be forthcoming and furnish the details to the NRC without delay.

Sincerely,

William L. Brown
Regional Counsel

cc: J. Collins