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FEB 13 1986

Babcock and Wilcox Company
ATTN: Dr. T. C. Engelder, Director
Lynchburg Research Center
Research and Development Division
P. O. Box 11165
Lynchburg, VA 24506-11165

Gentlemen:

SUBJECT: REPORT NO. 70-824/85-08

On October 9-11 and November 18-21, 1985, NRC inspected activities associated with your May 28, 1985 request to the Uranium Fuel Licensing Branch, Office of Nuclear Material Safety and Safeguards, that the NRC perform a confirmatory survey so that Phase I of your Building C may be released for unrestricted use. At the conclusion of the inspection, the findings were discussed with those members of your staff identified in the enclosed inspection report.

Areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel and performance of confirmatory surveys.

Within the scope of the inspection, no violations or deviations were identified.

Please note that the enclosed report details several specific open issues relating to your request that the Phase I area of Building C be released for unrestricted use. These issues include the location and continued use of your facility gaseous effluent stack, the scope of your release surveys and the background radiation levels in Building C due to other licensed activities. These issues will be reviewed with our Office of Nuclear Materials Safety and Safeguards, who will communicate directly with you.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulation, a copy of this letter and the enclosures will be placed in the NRC's Public Document Room.

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

Sincerely,

8603050322 860213
PDR ADDCK 07000824
C PDR

J. Philip Stohr, Director
Division of Radiation Safety
and Safeguards

Enclosure:
Inspection Report No. 70-824/85-08

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License Fee Management Branch

bcc w/encl: (See page 2)

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