

Mr. R. W. Sharkey
Director, Regulatory Affairs
ABB CENO Fuel Operations
Combustion Engineering, Inc.
3300 State Road P
Hematite, MO 63047

January 19, 1999

SUBJECT: INSPECTION NO. 70-36/98-204 AND NOTICE OF VIOLATION

Dear Mr. Sharkey

The Nuclear Regulatory Commission (NRC) conducted a routine inspection of your facility's material control and accounting (MC&A) safeguards program on December 7 - 11, 1998. The enclosed report presents the results of that inspection.

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.

Based upon the results of the inspection, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding the violation are described in detail in the enclosed report. This violation is of concern to the NRC because current knowledge of items status/location must be maintained to ensure the safeguards risk of material loss, theft, or diversion is adequately addressed.

Under the provisions of Section 2.790(d), reports containing information related to a licensee's MC&A program are exempt from public disclosure. Accordingly, Enclosure 2 will not be placed in the Public Document Room.

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

Sincerely,
Philip Ting, Chief Original signed by Philip Ting
Operations Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

Docket No. 70-0036
License No. SNM-33

cc w/enclosure: Dr. Bruce Kaiser, Vice President
Fuel Operations, ABB CENO
R. A. Kucera, Director
Missouri Department of Natural Resources

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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

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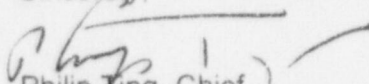
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