



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

July 23, 1985

Docket No. 99900343/85-01

Gulfalloy Incorporated  
ATTN: Mr. P. R. Dalton  
President  
4730 Darien, Post Office Box 52518  
Houston, Texas 77052

Gentlemen:

This refers to the inspection conducted by Mr. James T. Conway of this office on May 6-10, 1985, of your facility at Houston, Texas, and to the discussion of our findings with Mr. John Cates and members of your staff at the conclusion of the inspection.

The inspection was made as a result of the receipt of an allegation pertaining to purchasing commercial grade material and supplying it to a licensee as nuclear grade. Areas examined during the inspection and our findings are discussed in the enclosed report. Within these areas, the inspection consisted of an examination of procedures and representative records, interviews with personnel, and observations by the inspector.

During the inspection it was found that the implementation of your QA program failed to meet certain NRC requirements. Specifically, requirements in Appendix B to 10 CFR Part 50 were not satisfied in several areas including using unapproved vendors, failure to have copies of ASME certificates for manufacturers, and improper certification of material. The specific findings and references to the applicable requirements are identified in the enclosure to this letter.

Please provide us within 30 days from the date of this letter a written statement containing: (1) a description of steps that have been or will be taken to correct these items; (2) a description of steps that have been or will be taken to prevent recurrence; and (3) the dates your corrective actions and preventive measures were or will be completed. Consideration may be given to extending your response time for good cause shown.

8507240065 850723  
PDR GA999 EMVQULFA  
99900343 PDR

PC 'S PROCESSING

Original document not available to TWW

Certified by

Sherry Meador

IE 09  
11

July 23, 1985

In addition, please furnish a list of customers, including purchase order No. and date, who placed orders with Gulfalloy from July 1981 thru July 1983 for material that was sent to a domestic nuclear facility.

The responses requested by this letter are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

ORIGINAL SIGNED BY:

GARY G. ZECH

Gary G. Zech, Chief  
Vendor Program Branch  
Division of Quality Assurance, Vendor,  
and Technical Training Center Programs  
Office of Inspection and Enforcement

Enclosures:

1. Appendix A - Notice of Violation
2. Appendix B - Notice of Nonconformance
3. Appendix C - Inspection Report No. 99900343/85-01
4. Appendix D - Inspection Data Sheets (2 pages)

DISTRIBUTION

~~DMB:IE:09~~

~~VPB Reading~~

DQAVT Reading

RVollmer

JTCollins

JStone

GHolahan, NRR

Region (2)

EMerschhoff

JConway

GZech

FBI, Miami Office

JVorse

BUrye

Efox

\*See previous page for concurrence:

VPB: DQAVT

JConway: gmk

6/18/85

SC/VPB: DQAVT

EMerschhoff

6/24/85

SC/VPB: DQAVT

GZech

7/2/85

DIRE: DQAVT

BKG:imes

7/16/85