

October 31, 1996

EA 96-328

Dr. Bruce Kaiser
Vice President, Fuel Operations
ABB Combustion Engineering
3300 State Road P
Hematite, MO 63047

SUBJECT: ROUTINE AND AUGMENTED INSPECTION TEAM FOLLOWUP SAFETY INSPECTIONS
OF ABB COMBUSTION ENGINEERING, HEMATITE, MO (NRC INSPECTION REPORT
NO. 070-00036/96004(DNMS))

Dear Dr. Kaiser:

The NRC conducted a routine safety inspection during the period September 23 through 27, 1996, at the Hematite facility. The inspection included a followup to the NRC's Augmented Inspection Team (AIT) inspection conducted from August 23 through 28, 1996.

The purpose of the inspection was to determine whether activities authorized by the license were conducted safely and in accordance with NRC requirements. In addition, the inspection was conducted to assess data collected during the AIT inspection. At the conclusion of the inspection, the findings were discussed with you and others of your staff identified in the enclosed report.

Areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of a selective examination of procedures and representative records, interviews with personnel, and observations of activities in progress.

Based on the results of the inspection, the NRC has determined that two violations of NRC requirements occurred. These violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report. The violations appeared to be the result of implementation weaknesses in your nuclear safety limits and control requirements for the handling and storage of special nuclear material. Your staff also missed several opportunities to identify these items through a programmatic audit of your nuclear safety limits and control program. As a result, the NRC identified the violations.

In addition to the violations identified in the NOV, three Non-Cited Violations were identified during followup of the AIT findings. Individually, these items constitute violations of minor significance and are being treated consistent with Section IV of the NRC Enforcement Policy. However, collectively the Non-Cited violations are of concern because they

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indicated weaknesses in your uranium recovery process operation. We understand that actions have been initiated to address the weaknesses in this area. These actions will be closely monitored during future inspections.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. Your response may reference or include previous docketed correspondence, if the correspondence adequately addressed the required response. After reviewing your response to the Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

Sincerely,

Original Signed by R. Caniano for

Cynthia D. Pederson, Director
Division of Nuclear Materials Safety

License No. SNM-33
Docket No. 070-00036

Enclosures: 1. Notice of Violation
2. Inspection Report
No. 070-00036\96004(DNMS)

cc w/encls: R. W. Sharkey, Director of Regulatory Affairs
R. A. Kucera, Missouri Department of Natural Resources

bcc w/encls: R. Pierson, NMSS
P. Ting, NMSS
S. Soong, NMSS
N. Mamish, OE
B. Burgess, RIII
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