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November 22, 1996

ABB Combustion Engineering Inc.

ATTN: Mr. Bruce Kaiser, Vice President, Fuel Operations

Hematite Nuclear Fuel Manufacturing

3300 State Road P

Hematite, MO 63047

SUBJECT: INSPECTION NO. 70-36/96-203

Dear Mr. Kaiser:

The Nuclear Regulatory Commission conducted a routine inspection of your facility's material control and accounting (MC&A) safeguards program on October 21 through 25, 1996. The scope and results of the inspection are summarized in Enclosure 1, and details of the inspection are described in Enclosure 2.

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.

Within the scope of the inspection, three new inspector follow-up items were opened for further tracking and evaluation. Three inspector follow-up items from a previous inspection remain open, while two violations were closed.

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 us.

Sincerely,

(Original signed by J. Yardumian for)

Philip Ting, Chief

Operations Branch

Division of Fuel Cycle Safety

and Safeguards, NMSS

Docket No. 70-36

License No. SNM-33

Enclosures: As stated

cc w/encls: R. W. Sharkey, Manager, Regulatory Compliance

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