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NOV 25 1985

Docket No. 70-1257

Exxon Nuclear Company, Inc.  
2101 Horn Rapids Road  
P. O. Box 130  
Richland, Washington 99352

Attention: Mr. C. W. Malody, Manager  
Corporate Licensing

Gentlemen:

Subject: NRC Inspection

This letter refers to a routine safeguards inspection of your activities authorized under NRC License No. SNM-1227 conducted by Mr. G. B. Nelson of this office and Mr. D. A. Huff of the Office of Inspection and Enforcement on October 28 through November 1, 1985. It also refers to Mr. Nelson's discussion of his inspection findings with you and members of Exxon Nuclear Company's management and staff on November 1, 1985. Further, this letter refers to the in office inspection activities, and the telephone discussion between Messrs. R. Schneider and G. Nelson of this office November 5, 1985.

The inspection included examination of activities related to your program for the control and accounting of special nuclear material in accordance with applicable requirements of Title 10, Code of Federal Regulations, Part 70, "Domestic Licensing of Special Nuclear Material", and pertinent license conditions as described in the enclosed inspection report. Within these areas, the inspection consisted of selective examinations of procedures and records, interviews with facility personnel and observations by the inspectors.

Based on the results of this inspection, it appears that certain of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation enclosed as Appendix A to this letter. The items have been categorized into a severity level as described in the NRC Enforcement Policy, 10 CFR Part 2, Appendix C.

Your response to this Notice is to be submitted in accordance with the provisions of 10 CFR 2.201 as stated in Appendix A, Notice of Violation.

In accordance with Section 2.790(d) of the NRC's "Rules of Practice," Part 2, Title 10, Code of Federal Regulations, documentation of the findings of your control and accounting procedures for safeguarding special nuclear material are exempt from public disclosure; therefore, the enclosed inspection report, the enclosed notice of violation and your response thereto will not be placed in the Public Document Room.

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The responses directed by this letter and the enclosed Notice 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 letter, we would be pleased to discuss them with you.

Sincerely,

*original signed*  
James L. Montgomery, Chief  
Nuclear Materials Safety and Safeguards  
Branch

Enclosures:

1. Appendix A, Notice of Violation
2. Inspection Report No. 70-1257/85-11 (IE-V-718)

cc w/o enclosures:

State of WA

bcc w/enclosures:

RSB/Document Control Desk (RIDS)

Mr. Martin, RV

Mr. Faulkenberry, RV

Mr. Cook, RV

bcc w/o enclosures:

LFMB

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