

June 8, 2000

Mr. Russell N. Stein
Vice President
GrayStar, Inc.
Mt. Arlington Corporate Center
Suite 103
200 Valley Road
Mt. Arlington, NJ 07856

SUBJECT: JUNE 1, 2000 REQUEST FOR HEARING/RECONSIDERATION

Dear Mr. Stein:

The NRC staff has reviewed your letter dated June 1, 2000, regarding GRAY*STAR, Inc.'s application for registration of the Model GS-42 sealed source and the Model 1 irradiator. You requested, in part, that the NRC staff reconsider and reopen its May 24, 2000 denial of the application for registration, based on arguments contained in your June 1 letter. In the alternative, you requested a hearing on the denial.

We have determined that your June 1 letter does not contain sufficient new information which would warrant changing our May 24 denial of your application. As more fully discussed in our May 24 letter, radioactive material in irradiators must be as nondispersible as practical. The proposed Model GS-42 sealed source and the Model 1 irradiator would involve the use of cesium-137 chloride powder, an unacceptably dispersible material. Your June 1 arguments do not adequately address this point, or the other matters discussed in our May 24 letter. In particular, you have continued to fail to demonstrate that your proposed model designs would adequately protect health and minimize danger to life and property.

Furthermore, we disagree with your statement on page 2 of your June 1 letter, that the denial is based on an issue which you were not allowed to respond to prior to the denial. The issue of dispersibility was specifically raised in our letter to you dated July 26, 1999 (Enclosure, Item #2).

We are referring your June 1 request for hearing to the Commission's Office of the Secretary for appropriate action.

Sincerely,

/RA/

Donald A. Cool, Director
Division of Industrial and
Medical Nuclear Safety
Office of Nuclear Material Safety
and Safeguards