

May 7, 2015

EA-15-086

Ms. Kelley Richardt
Regulatory and Quality Manager
Source Production &
Equipment Co., Inc.
113 Teal Street
St. Rose, LA 70087

SUBJECT: FAILURE TO PROPERLY NOTIFY U.S. NUCLEAR REGULATORY
COMMISSION IN ADVANCE OF IMPORT AND EXPORT SHIPMENTS AND
NOTICE OF VIOLATION

Dear Ms. Richardt:

This letter refers to a review of two Source Production & Equipment Co., Inc. (SPEC), Advanced Notifications associated with 1) the import of iridium-192 from Belgium and 2) the export of cobalt-60 to Canada. SPEC failed to submit Advanced Notifications of the import and export to the U.S. Nuclear Regulatory Commission (NRC) in advance of each shipment in accordance with NRC regulations. Title 10 of the *Code of Federal Regulations* (10 CFR) Section 110.50(c) requires, in part, that a licensee authorized to export or import the radioactive material listed in Appendix P to 10 CFR Part 110 is responsible for notifying the NRC and, in cases of exports, the government of the importing country in advance of each shipment. In accordance with 10 CFR 110.50(c)(3)(i)(H), the notification must contain a copy of the foreign recipient's authorization or confirmation of that authorization from the government of the importing country. In accordance with 10 CFR 110.50(c)(4), export notifications must be received by the NRC at least 7 days in advance of each shipment, to the extent practical, but in no case less than 24 hours in advance of each shipment. Import notifications must be received by the NRC at least 7 days in advance of each shipment.

Based on the information developed during our review of these activities, the NRC has determined that a Severity Level IV violation of NRC requirements occurred. Specifically, on December 23, 2014, SPEC notified the NRC of its import of 167 TBq of iridium-192 from Belgium. (NOTE: Your notification also appeared to contain a conversion error as 167 TBq equals 4513 curies, and not the 9500 curies indicated in your notification.) The import was shipped on December 18, 2014. The notification provided by SPEC was not submitted 7 days in advance of the shipment and was identified as an example of a violation of 10 CFR 110.50(c).

On March 11, 2015, SPEC notified the NRC of its intent to export 9.176 TBq of cobalt-60 to Canada. The notification provided by SPEC failed to contain a copy of the foreign recipient's authorization, or confirmation of that authorization from the government of the importing country, which demonstrated the recipient was authorized to possess cobalt-60. On March 12, 2015, SPEC provided the NRC with a copy of the foreign recipient's authorization. The export was shipped on March 12, 2015. The failure to submit an adequate export notification 24 hours in advance of the shipment was identified as an example of a violation of 10 CFR 110.50(c).

The violation was evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is available on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violation is cited in the enclosed Notice of Violation (Notice) because all of the criteria in Section 2.3.2 on the NRC Enforcement Policy were not met in that QSA did not identify the violations.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. If you have additional information that you believe the NRC should consider, you may provide it in your response. The NRC will use your response, in part, to determine whether or not further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosures and your response will be made available electronically for public inspection in the Public Document Room or from the NRC's document system Agencywide Documents Access and Management System accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information).

Please contact Brooke G. Smith at (301) 415-2347 if you have any questions regarding this matter.

Sincerely,

/RA/

Nick D. Hilton, Chief
Enforcement Branch
Office of Enforcement

Enclosure: Notice of Violation

cc: State of Louisiana

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/RA/

Nick D. Hilton, Chief
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Office of Enforcement

Enclosure: Notice of Violation

cc: State of Louisiana

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***via email**

OFFICE	OIP	OIP	BC:ECNP/OIP	OE	OE
NAME	SBaker	JCruz	BSmith	RFretz	NHilton
DATE	4/16/15	4/16/15	4/21/15	4/24/15	5/7/15

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Source Production & Equipment Co., Inc.
St. Rose, LA

EA-15-086

During an U.S. Nuclear Regulatory Commission (NRC) review completed on March 30, 2015, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

- A. Section 110.50(c) of Title 10 of the *Code of Federal Regulations* (10 CFR) requires, in part, that a licensee authorized to export or import the radioactive material listed in Appendix P to 10 CFR Part 110 is responsible for notifying the NRC and, in cases of exports, the government of the importing country in advance of each shipment. In accordance with 10 CFR 110.50(c)(3)(i)(H), the notification must contain a copy of the foreign recipient's authorization or confirmation of that authorization from the government of the importing country. In accordance with 10 CFR 110.50(c)(4), export notifications must be received by the NRC at least 7 days in advance of each shipment, to the extent practical, but in no case less than 24 hours in advance of each shipment. Import notifications must be received by the NRC at least 7 days in advance of each shipment.

Contrary to the above, between December 23, 2014, and March 11, 2015, Source Production & Equipment Co., Inc. (SPEC) failed to notify the NRC in advance of two import/export shipments as required by NRC regulations. Specifically:

1. On December 23, 2014, SPEC notified the NRC of the import of 167 TBq of iridium-192 from Belgium. The import was shipped on December 18, 2014. The notification provided was not submitted 7 days in advance of the shipment.
2. On March 11, 2015, SPEC notified the NRC of its intent to export 9.176 TBq of cobalt-60 to Canada. The notification provided by SPEC failed to contain a copy of the foreign recipient's authorization, or confirmation of that authorization from the government of the importing country. On March 12, 2015, SPEC provided the NRC with a copy of the foreign recipient's authorization. The export was shipped on March 12, 2015. A complete notification of the export was not submitted 24 hours in advance of the shipment. Iridium-192 and cobalt-60 are listed in Appendix P to 10 CFR Part 110.

This is a Severity Level IV violation (NRC Enforcement Policy, Section 6.15)

Pursuant to the provisions of Title 10 of the *Code of Federal Regulations* (10 CFR) 2.201, Source Production & Equipment Co., Inc., is hereby required to submit a written statement or explanation to the Director, Office of International Programs, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, within 30 days of the date of this Notice of Violation. This reply should be clearly marked as a "Reply to a Notice of Violation (EA-15-086)" and should include for each violation: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level; (2) the corrective steps that have been taken and the results achieved; (3) any additional corrective steps that will be taken; and (4) the date when full compliance will be or was achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, the NRC may issue

an Order or a Demand for Information requiring you to explain why your license should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington DC 20555-0001.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS) accessible from the NRC Website at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

In accordance with 10 CFR 19.11, you may be required to post this Notice within 2 working days of receipt.

Dated this 7th day of May 2015