

December 7, 2016

EA-16-254

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

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

Dear Ms. Richardt:

This letter refers to a review of a Source Production and Equipment Company, Inc. (SPEC) export of a Category 2 quantity of iridium-192 (Ir-192) to Colombia. Title 10 of the *Code of Federal Regulations* (10 CFR) Section 110.50© states, in part, that a licensee authorized to export or import radioactive material listed in Appendix P to 10 CFR Part 110 is responsible for notifying the U.S. Nuclear Regulatory Commission (NRC) and, in cases of exports, the government of the importing country in advance of each shipment. In accordance with 10 CFR 110.50©(4), export notifications must be received by the NRC at least 7 days in advance of each shipment, to the extent practicable, but in no case less than 24 hours in advance of each shipment. A telephonic exit briefing was conducted with you on November 8, 2016.

Based on the information developed during our review of this activity, the NRC has determined that a Severity Level IV violation of NRC requirements occurred when SPEC failed to submit an Advanced Notification (notification) of a shipment in accordance with NRC regulations. Specifically, on September 28, 2016, SPEC notified the NRC of its intent to export a Category 2 quantity, 3.7 Terabequerels (TBq) source of Ir-192 to Colombia on September 29, 2016. On September 29, 2016, SPEC attempted to submit a revised notification to add a 2nd source of Ir-192 to the September 29, 2016, shipment. However, the new submission did not include a revised notification for both sources; it only had the same copy of the importer's material possession license. On September 29, 2016, the NRC Operations Center (the HOO) emailed SPEC and asked SPEC to re-send all required documents for the revised notification. The following day, on September 30, 2016, SPEC submitted a corrected notification for two 3.7 TBq sources of Ir-192 along with a copy of the importer's material possession license. This notification indicated that the shipment would occur on September 30, 2016. On September 30, 2016, the NRC staff from the Office of International Programs called SPEC to confirm the accuracy of the shipping date, and was informed the two sources were actually shipped on September 29, 2016, not September 30, 2016, as had been reported on the revised notification submitted.

The violation was evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is available on the NRC 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 of the NRC Enforcement Policy were not met in that SPEC did not identify the violation.

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 "Agency Rules of Practice and Procedure," 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/readingrm/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 Jane Chimood at (301) 287-9225 if you have any questions regarding this matter.

Sincerely,

/RA/

Peter J. Habighorst, Chief
Export Controls and Nonproliferation Branch
Office of International Programs

Enclosure:
Notice of Violation

cc: State of Louisiana

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 "Agency Rules of Practice and Procedure," 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/readingrm/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 Andrea R. Jones at (301) 287-9072 if you have any questions regarding this matter.

Sincerely,

/RA/

Peter J. Habighorst, Chief
Export Controls and Nonproliferation Branch
Office of International Programs

Enclosure:
Notice of Violation

cc: State of Louisiana

DISTRIBUTION:

OIP r/f

N. Hilton, OE

S. Baker, OIP

L. Sreenivas, OE

R. Fretz, OE

J. Chimood, OIP

OE r/f

ADAMS Accession Number: ML16314A099

OFFICE	OIP/ECNP	OIP/ECNP	OE	BC:ECNP/OIP
NAME	JChimood	AJones	RFretz	PHabighorst
DATE	11/09/16	11/10/16	11/21/16	12/07/16

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Source Production and Equipment Co.
St. Rose, LA

EA-16-254

During a U.S. Nuclear Regulatory Commission (NRC) review completed on September 30, 2016, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 110.50(c) requires, in part, that a licensee authorized to export the radioactive material listed in Appendix P to 10 CFR Part 110 is responsible for notifying the NRC in advance of each shipment. 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 practicable, but in no case less than 24 hours in advance of each shipment.

Contrary to the above, on or before September 29, 2016, Source Production and Equipment Co. (SPEC) failed to notify the NRC at least 7 days in advance, to the extent practicable, but in no case less than 24 hours in advance of an export shipment of radioactive material listed in Appendix P to 10 CFR Part 110. Specifically, SPEC exported two 3.7 Terabequerel (TBq) sources of iridium-192 on September 29, 2016, and failed to submit an export notification at least 24 hours in advance of the shipment. Ir-192 is 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 10 CFR 2.201, SPEC 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-16-254)" 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.

Enclosure

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," 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 December 2016.

cc:

Bryan Riche`, Division Administrator
Assessment Division - Radiation Section
Office of Environmental Compliance
P.O. Box 4312
Baton Rouge, LA 70821-4312