

NUCLEAR REGULATORY COMMISSION
UNITED STATES OF AMERICA

GULF NUCLEAR, INC.

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APPLICATION FOR TRANSFER

I. INTRODUCTION

Pursuant to 10 C.F.R. § 30.34(b), Gulf Nuclear, Inc. (Gulf) respectfully requests that the Nuclear Regulatory Commission (NRC or Commission) consent in writing to the transfer to Gulf of License No. 37-00611-09 (annexed hereto as Exhibit A), issued to Automation Industries, Incorporated (Automation) on February 22, 1982, as amended September 21, 1982.

Gulf seeks this transfer incident to its acquisition of certain assets of Automation. The license sought to be transferred authorizes Automation to receive, acquire, possess, and transfer Iridium 192 in metallic pellets, wafers or sealed sources not to exceed 27,000 curies total, and Cobalt 60, in sealed sources not to exceed 3,000 curies or 3,900 curies total. Authorized uses at Automation's facilities in Phoenixville, Pennsylvania include storage, calibration, testing, fabrication of sealed sources, and transfer and distribution to authorized recipients.

II. APPLICABLE CRITERIA

Although the Commission's regulations do not specifically recite the criteria applicable to an application for transfer, Gulf understands that the Commission will consider this Application, at least in part, under the general requirements for issuance of specific licenses set out at 10 C.F.R. § 30.33, which requirements also govern the amendment or renewal of a specific license. See 10 C.F.R. § 30.39.

The Commission's regulations at 10 C.F.R. § 30.33 provide in relevant part that an application for a specific license to manufacture, produce, transfer, receive, acquire, own, possess or use byproduct material will be approved if:

- (1) the application is for a purpose authorized by the Atomic Energy Act;
- (2) the applicant's proposed equipment and facilities are adequate to protect health and minimize danger to life or property;
- (3) the applicant is qualified by training and experience to use the material for the purpose requested in such manner as to protect health and minimize danger to life or property; and

- (4) the applicant satisfies any special requirements contained in 10 C.F.R. Parts 32 through 35. */

III. CONTEMPLATED OPERATIONS AT AUTOMATION

In issuing License No. 37-00611-09 to Automation on February 22, 1982, the Commission found, based upon the statements and representations of the licensee, that Automation satisfied the criteria of 10 C.F.R. § 30.33, and issued the license to Automation subject to detailed conditions reflected in the February 22, 1982 license itself and an amendment dated September 21, 1982.

Gulf understands that the Commission is familiar with Automation's operations and, on information and belief, understands further that the Commission has no reason to believe that Automation is not currently in compliance with applicable laws and regulations and the terms of its license.

*/ The license sought to be transferred does not authorize receipt of byproduct material for commercial waste disposal by land burial or other activity which significantly affects the quality of the environment. See 10 C.F.R. § 30.33(a)(5).

Gulf contemplates no alteration in the operations or procedures of the facility to be acquired from Automation. Gulf will expand services in Pennsylvania to include safety services (instrument calibration and consultation on radiation safety). However, such expanded services will be conducted at a building different from the one which houses Automation's current activities. Gulf contemplates no construction of equipment for the use of radiography or other sealed sources, at the Phoenixville facility. Additionally, Gulf does not contemplate personnel changes, with exceptions which will be discussed below.

Thus, as a threshold matter, Gulf believes that no material issue as to its satisfaction of the criteria of 10 C.F.R. § 30.33 should be presented by this Application. In particular, given the substantial continuity of operations, Gulf believes that criteria of 10 C.F.R. § 30.33(a)(1), (2) and (4) are satisfied and suggests that the Commission may so find on the basis of Gulf's representations in this application.

IV. GULF'S CURRENT OPERATIONS

Preliminarily, Gulf notes that it will have available to it and plans to retain all current employees of Automation,

with two exceptions discussed below. Thus, no major issue regarding training and experience is presented. Nonetheless, Gulf wishes to apprise the Commission fully of Gulf's own training and experience in the handling of byproduct materials, which training and experience will be made available to the operations to be acquired from Automation.

Gulf was incorporated in Texas in 1971 as Nuclear Environmental Engineering, Inc. and changed its name to Gulf Nuclear, Inc. in 1976. Gulf maintains its principal executive offices at 202 Medical Center Boulevard, Webster, Texas 77598. Gulf is engaged in the production and sale of sealed radioactive isotope sources and radioactive tracers primarily for commercial use, and presently supplies a substantial amount of radioactive sources and tracers to the petroleum and radiography industries. Gulf also manufactures and sells radioactive source containment equipment. Gulf offers radiation safety services and training in the use of radioactive materials, and provides its customers with a variety of technical assistance. Its customers are situated throughout the United States, as well as in Mexico and other countries.

Gulf's current operating facilities are located in Webster and League City, Texas (near Houston), Odessa, Texas and Signal Hill, California (near Los Angeles). Both Texas and California are "agreement states" to which the NRC has delegated certain regulatory functions. Gulf is not presently an NRC licensee, although it has previously held an NRC license.

Gulf owns three buildings located on a one-half acre tract in Webster, Texas, which is approximately 30 miles southeast of Houston. The buildings, which are approximately 9,500 square feet in aggregate area, contain the Company's executive offices, five manufacturing cells, laboratory and testing facilities and a machine shop. To expand its machine shop operations, the Company has recently completed a 6,000 square foot building on one acre of land which it owns in League City, Texas, adjacent to Webster. The Company is also building a small warehouse at its Webster facility. The Company leases another 1,760 square foot facility in Webster which houses many of the Company's safety services activities.

The Signal Hill, California facility of Gulf occupies a 2,400 square foot building owned by Gulf and contains

manufacturing cells and a sales office. The Odessa, Texas facility, which houses a manufacturing cell, a waste compactor and sales and customer service facilities, is located in a 2,500 square foot building on 1.5 acres of land owned by Gulf.

Gulf has constructed and is in the process of licensing a radiography source and tracer manufacturing facility in Atlanta, Georgia, and is in the initial phases of constructing a complex in Oak Ridge, Tennessee to serve as a laboratory and foundry for the manufacture of depleted uranium products and other products and to contain a source manufacturing facility.

Gulf currently purchases supplies of its principal radioisotopes, Americium-241 Beryllium, Iridium-192 and Cesium-137, from the U.S. Department of Energy's Oak Ridge National Laboratories, through its operator, Union Carbide Corporation. The other radioisotopes used by Gulf are available from several vendors. In addition, Gulf supplies some of its own needs for radioisotopes by renting reactor space from Texas A&M University. Depleted uranium is supplied to Gulf by a Canadian vendor.

V. GULF'S TRAINING AND EXPERIENCE

As of June 30, 1982, Gulf employed 47 people, of whom 5 were executive officers, 18 were technical supervisors and technicians, 14 were machinists, 8 were clerical workers and 2 were laborers. The following table provides information as of June 30, 1982, regarding each of the Company's directors and executive officers:

<u>Name</u>	<u>Age</u>	<u>Positions with the Company</u>	<u>Director or Executive Officer since</u>
Walter P. Peeples, Jr.	51	President & Director(1)	1971
Elick H. Acree	46	Vice President & Director(1)	1971
F. Neil Case	63	Director	1971
N.E. Dudley	56	Director	1971
Robert E. Wetherholt	52	Director	1972
John W. Lyons, Jr.	44	Director (1)	1979
Titus Harris, Jr.	51	Director	1979
Frank A. Malek, Jr.	48	Vice President	1981
Sunya L. Fitz	38	Vice President, Secretary & Treasurer	1971
C.P. Hopcraft	57	Vice President	1981

(1) Member of the Executive Committee.

Mr. Peeples is currently the President and a director of Gulf and, as one of the organizers of Gulf, has served in both of these positions since 1971. Prior to his employment with Gulf, Mr. Peeples had served as the President of

General Nuclear, Inc. from 1964 to 1971 and was Director of the Radioisotopes Division of Tracerlab, Inc. from 1961 to 1964 and Radiation Safety Officer for such division. During his employment by each of those companies, Mr. Peeples was engaged in the development and manufacture of radioactive tracers. Mr. Peeples has served as the Radiation Safety Officer for several companies which have held NRC or Atomic Energy Commission specific licenses.

Mr. Acree has been Vice President of Gulf and was in charge of production from 1973 to October 1981. He is presently Vice President-Research and Development and is responsible for overseeing the development of certain new products and planned activities. Mr. Acree was one of the organizers of Gulf and has served as a director since Gulf's formation. Prior to his employment with Gulf, Mr. Acree was employed for 10 years in the Isotope Division of Oak Ridge National Laboratories in Oak Ridge, Tennessee ("Oak Ridge") where he served in several capacities, including, among others, Radiation Control Officer and Radiation Safety Officer for the Radioisotopes Division for four years. Mr. Acree has extensive knowledge of the manufacture and development of sealed radioactive sources and has had extensive experience in radiation health physics and radioisotope marketing, shipping and handling procedures.

Mr. Case is presently Director of Technical Services at Oak Ridge and previously served as Director of Sales at Oak Ridge. Mr. Case has been employed by Oak Ridge for the last 27 years. While at Oak Ridge he has been principally involved in various phases of the application of radioactive materials including fission product chemistry, solvent extractions, trans-uranium element chemistry and radioactive waste. Mr. Case holds 12 patents and has authored numerous publications concerning radiation. Mr. Case was one of the organizers of Gulf and has served as a director of Gulf since its formation.

Dr. Dudney has been in private medical practice in Webster, Texas since 1979. From 1954 to 1979, Dr. Dudney served as a physician-surgeon with the Clear Creek Medical Surgical Clinic in League City, Texas.

Mr. Wetherholt is employed as a civil engineer by the Tennessee Valley Authority. He is presently the Chief of the Engineering Services Staff there and has previously been Chief of the Technical Service Branch and of the Developmental Engineering Staff.

Mr. Lyons is in the private practice of law in Texas City, Texas.

Mr. Harris is a Senior Vice President of Lovett Mitchell & Webb, Inc., an investment banking firm.

Mr. Malek has been employed by Gulf in a number of capacities since 1975. Since 1978, Mr. Malek has served in the position of Corporate Radiation Safety Officer, overseeing the Webster, Odessa and Signal Hill facilities. In 1981, Mr. Malek was also appointed Vice President in charge of safety services of Gulf. Prior to joining Gulf, Mr. Malek had organized a radiography safety training school at Texas A&M University and for more than ten years was Radiation Safety Officer at Houston Gamma Ray, Inc.

Ms. Fitz is currently the Vice President for finance of Gulf and has served in that capacity since 1978. Ms. Fitz also serves as the Secretary-Treasurer of Gulf during the period 1971-1979 and was reelected to that position in 1981.

Mr. Hopcraft has been employed by Gulf since January 1981 and since October 1981 has been in charge of production. Prior to such time he served as the Manager of Logging Services for NL-McCollough Services, a well logging company. In such position Mr. Hopcraft had extensive experience in the use of radioactive sources for well logging activities. Mr. Hopcraft is the Radiation Protection Officer for Gulf.

VI. GULF'S PERSONNEL PLANS AT AUTOMATION

As indicated in the preceding sections of this Application, Gulf has embarked upon a significant expansion of its operations which formerly were limited to Texas and California. Gulf contemplates that the new operations in Tennessee, Georgia and Pennsylvania will be organized into an Eastern Division which will be under the direct supervision of F. Neil Case, who will become Senior Vice President of Gulf, and who currently is Technical Director of the Oak Ridge National Laboratory. The onsite Radiation Safety Officer at Automation will be Mr. Edward Shaffer, presently an employee of Automation. The Plant Manager of Automation, Mr. George Mayberry, will become an employee of Gulf in charge of operations in Pennsylvania under the direction of Mr. Case. Mr. Michael Santoro, currently an employee of Automation, will be offered a position in Gulf's machine operations in Texas and will not be employed in the Phoenixville operations.

VII. PRIOR CONTACTS

Gulf wishes to advise the Commission that prior to the filing of this Application, undersigned counsel for Gulf has conferred informally with various members of the Commission staff. Specifically, on February 23, 1983, counsel spoke by

telephone with Mr. Vandy Miller and Mr. John W.N. Hickey of the Fuel Cycle and Material Safety Division to discuss procedural matters relating to this Application. Additionally, on February 24 and 28, 1983, counsel spoke with Mr. Robert Fonner of the Office of the Executive Legal Director to discuss legal and procedural aspects of this Application. Gulf understands that representatives of Automation have also conferred informally with the Commission staff prior to the filing of this Application.

VIII. CONCLUSION

In light of the foregoing matters, Gulf submits that the criteria of 10 C.F.R. § 30.33 are satisfied and respectfully requests that the transfer of License No. 37-00611-09 to Gulf be consented to in writing.

Respectfully submitted,

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EXHIBIT A