

October 2, 1996

**PRELIMINARY NOTIFICATION OF EVENT OR UNUSUAL OCCURRENCE** PNO-II-96-067

This preliminary notification constitutes EARLY notice of events of POSSIBLE safety or public interest significance. The information is as initially received without verification or evaluation, and is basically all that is known by Region II staff in Atlanta, Georgia on this date.

<b><u>Facility</u></b>	<b><u>Licensee Emergency Classification</u></b>
Industrial Laboratories, Inc.	Notification of Unusual Event
(AN AGREEMENT STATE LICENSEE)	Alert
Chattanooga, Tennessee	Site Area Emergency
	General Emergency
	X Not Applicable

Subject: STATE INITIATED EMERGENCY ACTIONS TO REMOVE RADIOACTIVE INVENTOY

On October 2, 1996, officials of the State of Tennessee advised the Region that the licensee declared bankruptcy and has essentially abandoned its facilities located at 600 E. 10th Street, Chattanooga, TN.

The State, several days ago, issued an Emergency Order to the Company President to take measures to remove the licensed material from the premises, and to arrange for their final disposition. The licensee advised the State that they do not have sufficient funds or resources to comply with the order.

The inventory of licensed material at the facility consists of two radiography cameras containing a total of three Co-60 sources. One camera is a Radionics, Model P-60-3, containing two sources, one of which contains 0.6 Curies Co-60, and the other containing less than 3.0 Curies Co-60. The second camera is a Gammatron, Model 50-A, containing less than 12 Curies Co-60.

The State visited the facility this past weekend and is concerned with the security of the licensed materials. Effective today, the State is absorbing the cost for twenty-four hour security until such time that all licensed materials are removed.

Regarding the removal of these materials, the U. S. Department of Energy (DOE), Oak Ridge, TN. has agreed, based on the financial condition of the licensee and the security concerns raised by the State, to effect emergency removal of the materials. DOE is expected to be on site tomorrow to initiate these removal activities. The materials will initially be taken to the Oak Ridge National Laboratory, Oak Ridge, TN., and their final disposition will be negotiated afterwards. After removal, both the State and DOE will conduct a close-out survey of the facility.

There has not been any media interest expressed in this matter.

The Region was notified of this event by officials of the State of TN., at 3:45 pm, EDT on October 2, 1996.

The Region offered technical assistance to the State which was declined at this time; however, the State did indicate that once the materials are returned to the Oak Ridge Laboratory, and depending on the negotiated

final disposition of the materials, they may need some NRC assistance regarding the types of containers necessary for further transport of these materials, presumably back to the manufacturer.

This information is current as of 5:00 pm, EDT, October 2, 1996.

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