



THE EXPLORATION SPECIALISTS

DOCKET NUMBER PR-1 (4)  
PROPOSED RULE (50 FR 20913)

DOCKETED  
USNRC

'85 JUL 22 A11:52

TO: Secretary of the Commission  
U. S. Nuclear Regulatory Commission  
Washington, DC 20555  
Attention: Docketing & Service Branch

FROM: Marshall S. Miller, President  
J. Scott Nelson, Radiation Safety Officer  
Geological Consulting Services, Inc.  
(License No. 45-17195-01)  
P. O. Box 848  
Bluefield, VA 24605

DATE: July 18, 1985

RE: 10CFR Ch. 1. Proposed Rules on NRC Size Standard for  
Making Determinations Required By the Regulatory  
Flexibility Act of 1980

OFFICE OF SECRETARY  
DOCKETING & SERVICE  
BRANCH

Dear Mr./Ms. Secretary:

In regard to the proposed rules of 10CFR, Chapter 1, we offer the following comments:

1. NRC's proposed definition of small entities as having total annual receipts of \$1 million or less is too small, restrictive and inflexible. Geological Consulting Services, Inc. is considered as a small business by the SBA (we qualify for and are pursuing a small business loan) and we submit that the \$3.5 million SBA cut-off figure is more realistic in application to well-logging licensees. Your discussion of this figure notes it is impossible to apply at this time because your economic survey did not allow adequate comparison of licensee receipts with respect to the SBA parameter. We consider that a poor reason to propose a more restrictive cut-off standard, when the required data could be gathered during implementation of the final rule or during another, better-designed survey.

2. The approach of considering a company's total receipts instead receipts accruing strictly from the licensed activity is misleading. For example, using the proposed \$1 million cut-off figure, Geological Consulting Services is considered a "large" business even though: 1) it is a privately held company; 2) it has only 26 employees; and 3) considerably less than \$1 million is earned annually by our licensed activity. Therefore, although your currently proposed standard treats us as a "large" business, we have to compete as

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MARSHALL S. MILLER  
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Certified Professional Geologists

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add: John Philips, 113055  
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a small business. The regulatory effect upon a small entity's ability to successfully compete is the bottom line concern mandated in the Regulatory Flexibility Act of 1980. Our receipts resulting from well logging account for about one-third of our company's total receipts. The economic impact of any NRC proposed rule that will affect the profitability of our well-logging service (and our ability to continue to provide it) is not affected by profits generated elsewhere in our company.

Although it may be a feasible practice for some large corporations to tolerate divisions that lose money, a small company like Geological Consulting Services simply cannot afford to do that. Particularly for licensees below the SBA's \$3.5 million cut-off figure, we strongly suggest that only receipts resulting from licensed activity be considered for NRC's small business size cut-off figure.

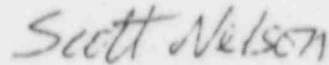
3. Among well logging licensees, there is generally a distinct and inherent difference between large licensees (which primarily log petroleum wells) and small licensees (which primarily log mineral test holes). A thorough treatment of this critical difference has already presented to the NRC in our comments submitted in response to the proposed Part 39 of 10CFR Chapter 1 and we request that you consider those comments as a part of this submittal. Compared to petroleum well loggers, the small mineral logging licensees typically use much smaller activity sources in shallower drill holes having more beneficent downhole operating conditions and, therefore, represent a significantly lower risk of accident potential. Implementation of separate, less stringent regulations for these small entities is therefore concomitant with their lower risk profile. We submit that, for well logging licensees, this distinction between large and small entities, i.e. that of source size and licensed use, forms a more rational basis for a size standard than does a simple, uniform dollar figure. In summary, while such a simplified dollar standard may look great on a quantitative grouping of NRC licensees and may provide for "administrative consistency," it will bear little relationship to the job of making the determinations required by the Regulatory Flexibility Act of 1980. Because of the many different business activities represented among the NRC licensees, the attempt to utilize any one size standard as a unique indication of NRC licensees is neither fair nor possible. In order to fulfill the goals set forth in the Regulatory Flexibility Act of 1980, a separate analysis of the practical, technical, and economic aspects of the various NRC "program codes" should be conducted by NRC (with significant private sector input) to determine the real economic impact of proposed regulations upon

any particular licensee group. We strongly recommend that you take this approach with well-logging - its applicability to other program codes may also be advisable.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Marshall S. Miller".

Marshall S. Miller  
President

A handwritten signature in dark ink, appearing to read "J. Scott Nelson".

J. Scott Nelson  
Radiation Safety Officer

lwm



## INDUSTRIAL INSPECTION AND TESTING SERVICE

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JULY 18, 1985

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USNRC

SECRETARY OF THE COMMISSION  
U.S. NUCLEAR REGULATORY COMMISSION  
WASHINGTON D.C. 20555

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ATTN: DOCKETING AND SERVICE BRANCH

OFFICE OF SECRETARY  
DOCKETING & SERVICE  
BRANCH

GENTLEMEN:

THIS IS IN REGARD TO YOUR PROPOSED RULE FOR DEFINING A SMALL BUSINESS  
AMONG N.R.C. LICENSEES.

WE AGREE THAT THIS SHOULD BE DONE AND SUCH A DEFINITION USED TO HELP  
ALLEVIATE THE BURDENSOME COSTS OF MAINTAINING AN N.R.C. LICENSE.  
WITH LICENSE FEES, INSPECTION FEES, TRANSPORT LICENSE FEES AND THE  
ASSOCIATED ADMINISTRATIVE COSTS, THE ABILITY OF A SMALL BUSINESS TO  
MAKE A PROFIT IS SEVERLY HAMPERED.

YOUR CUT OFF POINT OF \$1,000,000.00 ANNUAL RECEIPTS SEEMS APPROPRIATE,  
HOWEVER, THE DEFINITION SHOULD BE MODIFIED TO READ "\$1,000,000.00 IN  
ANNUAL RECEIPTS OR GROSS INCOME GENERATED BY THE USE OF THE LICENSED  
MATERIAL." IN MANY CASES, THE USE OF THE ISOTOPE MATERIAL ONLY PROVIDES  
A SMALL MARGIN OF PROFIT OR SAVINGS TO THE USER. AS AN EXAMPLE, OUR  
TESTING IS PERFORMED BY A DIVISION OF A LARGER COMPANY. WHILE THE  
PARENT COMPANY MAY GROSS OVER \$1,000,000.00, THE TESTING DIVISION  
MAY ONLY GROSS \$100,000.00 OR LESS. ALL OF THE N.R.C. ADMINISTRATIVE  
COST MUST BE COVERED BY THE TESTING DIVISION ALONE. IT IS NOT RIGHT  
TO TAKE THAT EXPENSE OUT OF THE PROFIT FOR THE REST OF THE COMPANY.

I HOPE THIS MODIFICATION CAN BE INCORPORATED IN AT LEAST THE CASES  
WHERE THE USE OF THE ISOTOPE IS A STAND-ALONE FUNCTION.

SINCERELY,

INDUSTRIAL INSPECTION AND TESTING SERVICE

*Rex H. Winget*

REX H. WINGET  
RSO

RHW/RG

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add: John Philips, 1130 SS  
B. Philips, 9604 MNBB

NON-DESTRUCTIVE TESTING - METALLURGICAL CONSULTATION  
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