

September 20, 1996

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IE-07

Mr. Keith E. Moon  
Chairman  
Independent Wireline Well  
Loggers Association  
Route 2 Box 254  
De Leon, TX 76444

SUBJECT: NRC POLICY REGARDING DISPOSAL OF LICENSED MATERIAL

Dear Mr. Moon:

During a telephone call between Mr. McCormick-Barger of my staff and you, you informed us that Shelwell Services may not have available to them, suitable options or sufficient resources to properly dispose of the 23 sealed sources currently in its possession. You suggested during this call that the NRC may have to either issue Shelwell Services a Possession Only License (POL) or take possession of the licensee's sealed sources. Following this call Mr. McCormick-Barger informed you of the NRC's policy for disposal of licensed material and sent you a copy of our Policy and Guidance Directive PG 9-12, "Reviewing Efforts to Dispose of Licensed Material and Requesting DOE Assistance." The purpose of this letter is to formally document the NRC policies regarding disposal of licensed materials.

First, to clarify a potential misunderstanding, the NRC does not require Shelwell Services to terminate its license as a condition for the NRC, in conjunction with Shelwell Services' successful remediation and adequate final status survey, to close out the 1982 contamination event and remove from its license, reference to possession of loose cesium-137 as contaminated property. You may recall that the cover letter, dated July 12, 1996, transmitting NRC inspection report no. 030-05798/96001 (DNMS), only requested that if Shelwell Services intended to terminate its license it should provide to us, among other things, its plans to dispose of its radioactive waste and licensed materials. After Mr. McCormick-Barger clarified this issue with you, we now understand that Shelwell Services may elect not to terminate its license in the near future.

If Shelwell Services' remediation efforts and final survey results of building 2, the drain line, and the pump transfer station (including disposal of all event related waste) indicate that these areas meet our unrestricted use release criteria and are confirmed by NRC, the NRC could then remove from its license, the reference to loose Cs-137 contamination. Should Shelwell Services decide not to terminate its license, a closeout survey of building 1 (the location of current license activities) will be required when the license is eventually terminated. Since the 1982 Cs-137 contamination event will have

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been addressed by the above remediation and survey activities, the building 1 survey would only be required to address licensed activities and be accomplished in accordance with our decommissioning regulations found in 10 CFR 30.36.

Regardless of Shelwell Services intentions concerning license termination, we wish to clearly state our policy concerning disposal of licensed materials. The following is intended to address your suggestions that the NRC either issue a POL or take possession of the licensed material:

NRC issuing a POL: The NRC could issue a requested POL to Shelwell Services; however, this action would not relieve Shelwell of the requirements to decommission its facility and dispose of its licensed material. The requirements of the Timeliness Rule, found in 10 CFR 30.36, apply to POLs, with the exception of those licenses where waste storage was the original intent of the license (eg., spent fuel storage license issued under 10 CFR Part 72). Therefore, the Timeliness Rule may still require Shelwell Services to dispose of its licensed material in about two years. Extensions due to delays in decommissioning are not allowed unless sufficient justification is provided and approval is granted by the NRC.

NRC taking possession of the licensed material: The procedures we would follow in response to a request for assistance from a licensee seeking to divest itself of its material and who claims an inability to do so, are provided in PG 9-12 (copy enclosed). This guidance document specifies that a licensee must make every effort to properly divest itself of the material and, if unsuccessful, the license reviewer must consider the ability of the licensee to safely possess and store the material for an extended period of time and the availability of other options to resolve the situation. If Shelwell Services satisfactorily demonstrates an inability to properly divest itself of the material, is deemed unable to safely possess and store the material for an extended period, and it has been determined that no other options exist to resolve the situation, assistance from a federal agency to assist in the removal and proper disposition of the licensed material may be considered. In this case, Shelwell Services must provide, in writing, the information described in PG 9-12 that substantiates its claim to be unable to divest itself of the material.

If Shelwell Services should decide to cease principal operations, it must notify the NRC of this decision within 60 days and comply with the Timeliness Rule. Shelwell Services should then evaluate (and exhaust) all options for divesting itself of licensed material before requesting an extension to the Timeliness Rule requirements or requesting NRC assistance. We would also like to remind you that in accordance with 10 CFR 30.34(h)(1), Shelwell Services must notify NRC, in writing, immediately following the filing of a voluntary or involuntary petition for bankruptcy. In the event of bankruptcy, Shelwell Services must continue to secure licensed material and carry out its radiation protection program.

Keith E. Moon

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If you have any questions regarding this information, please call  
Mr. McCormick-Barger at (630) 829-9872.

Sincerely,

Original Signed by

Cynthia D. Pederson, Director  
Division of Nuclear Materials Safety

License No. 34-10445-01  
Docket No. 030-05798

Enclosure: PG 9-12

cc w/encl: Clyde Shelton  
Shelwell Services

bcc w/o encl: D. Cool, NMSS  
M. Weber, NMSS  
M. Federline, NMSS  
D. Broaddus, NMSS  
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