

RSB
AUG 16 1985

License No. 53-23440-01

Osteon, Inc.
P. O. Box 430
Wahiawa, Hawaii 96786

Attention: Mr. Philip J. Manly
President

Gentlemen:

Subject: NRC Inspection

This refers to the routine safety inspection conducted by Mr. David D. Skov of this office on July 29, 1985 of activities authorized by NRC License No. 53-23440-01 and to the discussion of our findings held by Mr. Skov with you at the conclusion of the inspection.

The inspection was an examination of the activities conducted under your license as they relate to radiation safety and to compliance with the Commission's rules and regulations and conditions of your license. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector.

Based on the results of this inspection, it appears that certain of your activities were not conducted in full compliance with NRC requirements, as set forth in the Notice of Violation enclosed as Appendix A to this letter. These items have been categorized into severity levels as described in the NRC Enforcement Policy, 10 CFR Part 2, Appendix C.

In addition to the need for corrective action regarding the specific violations included in Appendix A, we are concerned about the effectiveness of your management control system that permitted the violations to occur. Four apparent violations of regulatory requirements were identified which indicate a need for improvement of management control and administration of the radiation safety program in preventing violations of NRC regulations. Consequently, in your reply you should describe in particular those actions taken or planned to improve the effectiveness of your overall management control system.

Your response to this Notice is to be submitted in accordance with provisions of 10 CFR 2.201 as stated in Appendix A, Notice of Violation.

The responses directed by this letter and the accompanying Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

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If you have any questions on this matter or concerning this inspection, we will be glad to discuss them with you.

Sincerely,

RSI
R. A. Scarano, Director
Division of Radiological Safety and
Safeguards Program

Enclosure:
Appendix A - Notice of Violation

bcc w/enclosure:
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RSB/Document Control Desk (RIDS)
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LFMB
Greg Cook

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dot

8/13/85

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8/14/85

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8/16/85

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now only

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