



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
631 PARK AVENUE
KING OF PRUSSIA, PENNSYLVANIA 19406

J. White
Refer to R-I

SEP 28 1987

Request No. RIR-87-009

TO: Chester W. White, Director
Office of Investigations
Field Office, Region I

FROM: William T. Russell
Regional Administrator

REQUEST FOR INVESTIGATION

Precision Materials Corporation
Licensee

Docket No. 030-22063
License No. 29-20777-01

Mine Hill, New Jersey

Facility or Site Location

James M. Allan
William T. Russell
Regional Administrator

9-24-87
Date

A. Request

What is the matter that is being requested for inquiry (be as specific as possible regarding the underlying incident).

Did representatives of the licensee lie to NRC inspectors and otherwise attempt to conceal, alone or in concert, the fact that their pool irradiator had a substantial leak?

On July 16, 1987, Region I received several allegations from a then anonymous employee of Precision Materials Corporation (PMC), which operates a walk-in, wet-storage irradiator. The employee alleged, among other things: (1) that 18 to 24 months before, the licensee began to detect an increasing loss of water from the irradiator pool; (2) that licensee management, particularly Martin Stein, the President, tried to prevent this information from becoming public knowledge and instructed the staff to "keep quiet about it"; and, (3) that the operators were told not to record information about the leakage in the irradiator log and that a special log was maintained by the Compliance Officer, Gene Nestor. Documents supplied by the alleged appear to indicate that, from November 1, 1985, to an NRC inspection on July 22-23, 1987, a special record was maintained by Mr. Nestor in which pool water level status and

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Information in this record was deleted
in accordance with the Freedom of Information
Act, exemptions 7C

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pool filling operations were logged. Analysis of the data provided indicates that substantial water loss was apparent since November 1985. In other documentation provided to the NRC, the alleged described a meeting in which licensee representatives (i.e., Martin Stein, President; Russell Stein, Vice-president; Gene Nestor, Comptroller; and other personnel, [REDACTED]) discussed the leak as early as November 11, 1985. At that meeting the alleged indicated that a conspiracy was agreed to by all parties to prevent the leak from becoming known to the NRC and the public. EX-7C
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Messrs. John Miller and John White and Ms. Susan Bilhorn conducted an inspection of the facility on July 22-23, 1987, to investigate these allegations (Note: An Inspection Report is being developed). After the inspectors identified certain entries in the irradiator log that implied some problems in maintaining water level, Mr. Nestor responded to the inspectors' questions by indicating that it was likely that evaporation was responsible, but that he did not have sufficient data to be sure. On further questioning, and when shown certain entries in the operator's log book relative to pool level monitoring performed between May 19 and 22, 1987, which indicated about 210 gallons of water loss, Mr. Nestor conceded that such an amount was in excess of evaporative losses. He further indicated that leakage might be occurring. When asked whether he was maintaining a record of pool water level loss and water additions, Mr. Nestor stated that he was not maintaining such a record. He stated that the only records that were being maintained were the Operations and Monitoring Computer Log.

On July 31, 1987, Mr. White received a phone call from the confidential source identifying himself as the alleged from PMC, and was interested in obtaining the results of the inspection. The alleged stated that Gene Nestor maintained a log of the pool water status and associated information; and stated that he would send a copy of the log and a written narrative describing details concerning pool leakage. Mr. White received a copy of the log on August 4, 1987, and a letter documenting the course of events involving the leaking irradiator pool on August 17, 1987 (Attachments 2 and 3, respectively).

A Confirmatory Action Letter (CAL) (Attachment 1), negotiated between Mr. Nestor and Mr. James Joyner, was sent to the licensee on August 6, 1987, requiring the licensee to record the pool water level daily and evaluate losses. During the telephone discussions between Messrs. Nestor and Joyner, Mr. Nestor admitted that PMC had concluded that pool leakage was occurring. On August 12, 1987, Mr. Nestor informed Ms. Marlene Taylor of this office that, the pool was leaking at the rate of 20 gallons per hour.

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The remaining allegations were as follows: (1) expended resins (part of the pool water purification system) were not surveyed prior to disposal; (2) operators were being required to work 24 hour shifts and frequently slept during their shift; and, (3) there were frequent "bugs" in the software used to run the irradiator. Relative to the resins, the inspectors were able to confirm that the required surveys were being performed. Relative to operator alertness and the software bugs, while these concerns had some basis in fact, the circumstances surrounding these items were explainable and had no regulatory import.

B. Purpose of Inquiry

1. What wrongdoing is suspected: explain the basis for this view (be as specific as possible).

If the primary allegation is confirmed, the licensee may have committed a deliberate material false statement.

In response to direct questions by an NRC inspector (John R. White), Mr. Nestor denied any knowledge that the pool was actually leaking, and denied that a record was being maintained relative to this matter.

If the allegation is true, then ~~Mr. Nestor~~ (with the probable concurrence of Mr. Stein and others) ~~lied~~ lied to the inspectors and conspired to conceal a matter that was of significant concern to the NRC relative to continued safe operations of the facility. Such a matter has significant public health and safety implications if source encapsulation fails.

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2. What are the potential regulatory requirements that may have been violated?

If the allegation is true, there is potential that the licensee had knowledge that the pool was leaking while in the process of licensing the facility, but omitted this information to prevent any impediment to operating the irradiator. If the NRC had known that the pool was leaking, it is likely that remedial action would have been required prior to issuance of the license. In this case, the Atomic Energy Act of 1954 (as amended), Sections 182 and 186, pertain.

3. If no violation is suspected, what is the specific regulatory concern?

False statements may have been made by members of upper management involving information which, had it been available to the NRC, would have resulted in regulatory action to either suspend operations or effect repair of the leak.

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4. If allegations are involved, is there a view that the allegations likely occurred?

In the course of the inspection, licensee representatives initially denied that they were aware of any leakage. Since the alleged has furnished documentary evidence supporting his allegation, it now appears likely that the allegations are true. Further, management now admits that leakage, as much as 20 gallons per hour, is occurring; and may have had previous knowledge of such leakage.

C. Requestor's Priority

1. Is the priority of the inquiry high, normal, or low? Low
2. What is the estimated date when the results of the inquiry are needed? No immediate need.
3. What is the basis for the date and the impact of not meeting this date? (For example, is there an immediate safety issue that must be addressed or are the results necessary to resolve any ongoing regulatory issue and, if so, what actions are dependent on the outcome of the investigation?)

Currently, the licensee has ceased operations and has transferred all cobalt -60 sources from the facility and is considering terminating licensed activities in accordance with an NRC ORDER issued September 4, 1987. However, if the investigation is substantially delayed, records relative to this matter may become unavailable.

D. Contact

1. Staff members: Primary contact: John R. White (5102). Other contacts: Marlene J. Taylor (5311), John J. Miller (5304), James H. Joyner (5251)
2. Allegor's identification with address and telephone number if not confidential. Indicate if any confidential sources are involved and who may be contacted for the identifying details.)

Confidentiality involved, contact John White for identifying details.

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E. Other Relevant Information

File Available.

NRC Inspection Report (when available)

William T. Russell
Regional Administrator

Attachments: As Stated

cc:

B. Hayes, OI
V. Stello, EDO
H. Thompson, NMSS

J. White, RI
T. Martin, RI
J. Joyner, RI

A. Shropshire, RI
L. Friedman, RI ✓

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