



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

**REGION II
SAM NUNN ATLANTA FEDERAL CENTER
61 FORSYTH STREET SW SUITE 23T85
ATLANTA, GEORGIA 30303-8931**

November 7, 2000

JHM Coals, Inc.
ATTN: Joyce H. Morton, Esq.
P. O. Box 247
Webster Springs, West Virginia, 26288

SUBJECT: NRC INSPECTION VERIFICATION OF A GENERALLY LICENSED DEVICE

Dear Ms. Morton:

This refers to the inspection conducted on September 13 and 25, 2000, at your facility located on West Virginia Route 20, Bolair, West Virginia and on September 26, 2000, at Jerry's Salvage scrap yard located in Horner, West Virginia. The purpose of the inspection was to determine the status and location of a missing, generally licensed device that is subject to registration. The inspection included interviews with personnel, and direct observations by the inspector. At the conclusion of the inspection, the findings were discussed with you.

Based on the results of this inspection, the NRC has determined that you are in possession of a generally licensed device, a Ronan Engineering Company Model SA1-C10 (X-90), S/N 74656 containing 500 millicuries of cesium-137. You obtained this device when you purchased the assets of Spring Ridge Coal Company during the pendency of a bankruptcy proceeding involving this company. Your possession of this device is subject to the General License (GL) requirements described in 10 CFR 31.5.

On the day of the inspection, the generally licensed device was placed in secure storage to prevent access by members of the public and you contacted the device manufacturer for information on proper disposal. While the device is in your possession, you need to ensure that it remains securely stored and only transfer it to an authorized recipient as described in 10 CFR 31.5(c)(8). If you decide to keep the device for use or storage, please note that you must annually register it with the NRC. There are no fees associated with the GL for the initial year of the registration program. However, beginning with the second year of registration, general licensees required to register with NRC will be required to submit a fee. It is estimated that the fee will be \$350-\$400 per GL per year.

Please provide us a written response within 30 days of the date of this letter which acknowledges your understanding of the requirement to keep the device securely stored and describes your intentions regarding transfer or disposal of the device or your intent to keep the device and use it in accordance with 10 CFR 31.5. We have enclosed a copy of 10 CFR Part 31 and additional information for your information and use in deciding how to proceed.

If you have any questions or need further assistance please call me at (404) 562-4731.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,

/RA/

Jay L. Henson, Chief
Materials Licensing/Inspection Branch 2
Division of Nuclear Materials Safety

Enclosures: 1. 10 CFR 31.5
2. Vendor Contact Information
3. Guidance For General Licensees
4. List of Service Companies (CRCPD)

cc w/encl 1:
State of West Virginia

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