UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

May 21, 2004

Mr. Jerry Bays, Managing Partner
J & N Processing Company, LLC
411 Main Street
Mount Hope, West Virginia 25880

SUBJECT: NRC INSPECTION REPORT NO. 999-90001/2004-002 AND
CLOSEOUT OF CONFIRMATORY ACTION LETTER NO. 1-04-004

Dear Mr. Bays:

This refers to the inspection conducted on March 1, 2004, at your Bolt, West Virginia facility, and by telephone on March 3, March 22, and April 2, 2004. The enclosed report presents the results of this inspection.

The inspection was an examination of the activities conducted under your general license as they relate to safety and compliance with the Commission's rules and regulations. Within these areas, the inspection consisted of selective examination of procedures and representative records, observations of activities and facilities, and interviews with personnel.

Based on information received from vendors who provided leak testing and removal services and your letter dated April 12, 2004, we have closed the Confirmatory Action Letter (CAL) No. 1-04-004, dated March 3, 2004.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room and will be accessible from the NRC web site at http://www.nrc.gov/reading-rm/adams.html.

Sincerely,

/RA by Francis Costello Acting For/

George Pangburn, Director
Division of Nuclear Materials Safety

Docket No: 999-90001
License No: General

Enclosure:
NRC Inspection Report No. 999-90001/2004-002

cc w/encl:
State of West Virginia

Larry Robertson
West Virginia Department of Environmental Protection
116 Industrial Drive
Oak Hill, WV 25901

Jack D. Bowden
Director
Raleigh County Emergency Management Services Authority
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OFFICE	RI:DNMS	RI:DNMS	RI:DNMS				
SIGNATURE	MAM	TRD	FMC for				
NAME	MAMiller	TRDecker	GPangburn				
DATE	5/12/2004	5/12/2004	5/20/2004	5/ /2004	5/ /2004	5/ /2004	5/ /2004
E-MAIL COPY?	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO	YES NO
PUBLIC DOCUMENT	YES NO						

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NUCLEAR REGULATORY COMMISSION

REGION I

Docket No.:	999-90001
License No.:	General Licensee
Report No.:	999-90001/04-02
Licensee:	J & N Processing, LLC
Location:	J & N Processing Preparation Plant Bolt , WV
Inspection Date:	March 1, 2004
Inspector:	Andy Miller, Health Physicist Nuclear Materials Safety Branch 3 Division of Nuclear Materials Safety
Approved by:	Thomas Decker, Chief Nuclear Materials Safety Branch 3 Division of Nuclear Materials Safety

Enclosure

EXECUTIVE SUMMARY

J & N Processing, LLC
NRC Inspection Report No. 999-9001/04-02

An announced safety inspection of J & N Processing, LLC was conducted at the licensee's facility in Bolt, WV, on March 1, 2004. The inspection examined the scope of licensed activities; facilities and security of licensed material; and area radiation surveys. The inspection included discussions with cognizant licensee representatives and observations of licensee facilities.

REPORT DETAILS

Background & Scope of Licensed Activities

The J & N Preparation Plant is located in Raleigh County near Bolt, WV on Maple Meadows Mine Road. Based on discussions with licensee management, it was determined that the preparation plant operated from July 1998 until June 2000. The plant processed bituminous coal from an onsite underground mine. The mine was owned by a separate entity.

The GLTS program was contacted and a printout of registered generally licensed devices was obtained. Seven devices were registered to J & N Processing in Fairview, WV, recipient code 58132, and were as follows:

Scan Technologies
Coal Scan Model 2500
Serial Number: MCI-265
300 mCi Am-241
20 mCi Cs-137
Transfer date 5/15/92

BSI Instruments
Model LB 7400D/L
Serial Number: 2442-8-92
30 mCi Cs-137
Transfer date 2/15/94

Kay Ray/Sensall Inc.
Model 7063P

Serial Number	Isotope	Activity
30447	Cs-137	100 mCi
30448	Cs-137	100 mCi
30449	Cs-137	100 mCi
30450	Cs-137	100 mCi
30451	Cs-137	200 mCi

Transfer date 11/15/91

The Director of the State of West Virginia Radiological Health Program visited the site on February 26, 2004. Each source was sighted and matched the information noted in the GLTS database.

On Site Inspection Activities

The J & N Preparation Plant is located in Raleigh County near Bolt, WV on Maple Meadows Mine Road. Figure 1 show the entrance to the preparation plant property.

Figure 1. Entrance to J&N Processing, LLC facility in Bolt, WV.

Figure 2 shows the main preparation plant. Figure 3 shows a conveyor belt housing that held two sources.

Figure 2. Main preparation plant building housing five fixed gauges.

Figure 3. Conveyor belt housing that held two fixed gauges.

Personnel from the West Virginia Department of Environmental Protection (WVDEP), the licensee's dismantling contractor CMC, Inc., the Environmental Protection Agency (EPA) and the Raleigh County Emergency Services Authority director were on site at the start of the inspection. Personnel from WVDEP, CMC Inc. and EPA accompanied the inspector to each of the gauges at the facility.

Five gauges were installed on process pipes inside the main preparation plant building. Figures 4-8 show the as found conditions of the gauges. The required markings and labels on all of the gauges were obscured by coal dust. In one case, shown in Figure 6, the required marking and label had separated from the gauge shield. Dose rates on contact and at 30 cm were as expected for these types of devices as noted in the SS&D sheets. Serial numbers, isotopes and activities matched GLTS data.

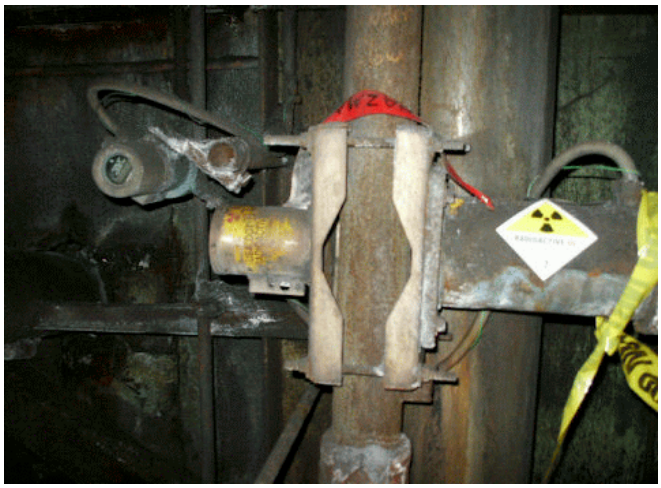

Figure 4. Model 7062BP, Serial number 30448, 100 mCi Cs-137, 11/1991, Location: 3E.

Figure 5. Model 7062BP, Serial number 30449, 100 mCi Cs-137, 7/1991, Location: 3W.

Figure 6. Model 7063P, Serial number 30451, 200 mCi Cs-137, 12/1988, Location: 4E2.

Figure 7. Model 7062BP, Serial number 30447, 100 mCi Cs-137, 7/1991, Location: 4E1.

Figure 8. Model 7062BP, Serial number 30450, 100 mCi Cs-137, 7/1991, Location: 6E.

Two devices were installed on a conveyor belt system adjacent to the main preparation plant building. No belt was present. The devices are pictured in Figures 9 and 10. The Coal Scan unit and the Berthold gauges were both in an unshielded condition. Due to the installed location of these devices and the absence of a conveyor belt, it would be difficult for an individual to position themselves directly in the path of the unshielded beam of radiation. Dose rate measurements at the walkway platform were essentially background.

Figure 9. CoalScan Model 2500. 300 mCi of Am-241 and 20 mCi of Cs-137 are housed in the bottom of the C-Arm unit.

Figure 10. BSI Model LB 700 D/L, Serial Number 2422-8-92, 30 mCi Cs-137.

At the conclusion of the site tour, the managing partner of the licensee met with the inspector and accompanying personnel. The Raleigh County Emergency Services Director agreed to coordinate county law enforcement personnel support to provide site security until the sources could be removed. After exiting the site, the inspector traveled to the licensee's office in Mt. Hope, WV. Based on discussions with the licensee, at the time of the on site inspection, the date of the last leak test and shutter check on each of the gauges could not be determined. Personnel who had been responsible for licensed activities were no longer employed by the licensee. Based on discussion with the licensee, the licensee's contractor and Region I management, a time line and action plan was developed for the issuance of a Confirmatory Action Letter (CAL) to the licensee.

On March 3, 2004, CAL No. 1-04-004 was issued to the licensee. The CAL required the licensee to (1) have a licensed gauge service provider conduct a leak test on each radioactive sealed source and to immediately report any unsatisfactory results to the NRC, (2) have a licensed gauge service provider remove the gauges from their existing location and secure them from unauthorized access, (3) have all radioactive material removed from the site and transferred to an authorized recipient, and (4) provide documentation to the NRC which confirms that actions (1) through (3) were completed. The ADAMS accession number for the CAL is ML040630580.

SABIA Inc. was contacted by the licensee for leak test and removal services for the five TN Technology gauges and the one Berthold gauge. A representative of SABIA Inc. took leak tests of the sources on March 7, 2004. The results of the tests showed that no sealed sources were leaking. A facsimile from SABIA Inc. showing leak test results and shipping papers documenting transfer of the sources was received on March 22, 2004 and is attached to this report.

Kanawha Scales & Systems was contacted by the licensee for leak test and removal services for the Coal Scan unit. A representative of Kanawha Scales & Systems took leak tests of the sources on March 3, 2004. The results of the tests showed that no sealed sources were leaking. A facsimile from Kanawha Scales & Systems showing leak test results was received on March 22, 2004 and is attached to this report. A facsimile from Kanawha Scales & Systems showing shipping papers documenting transfer of the sources was received on April 6, 2004 and is attached to this report.

On April 2, 2004 the inspector contacted the licensee and verified that all sealed sources had been leak tested and all sealed sources had been removed. The licensee asked for an extension in time to provide documentation to the NRC which confirms that actions (1) through (3) of the CAL were completed. Based on discussions with management, an extension of time until April 13, 2004 was granted.

EXIT MEETING SUMMARY

An exit meeting was held in person with the Managing Partner on March 1, 2004. The overall findings from the inspection were discussed, including the apparent violations of NRC requirements. The licensee did not offer any dissenting comments during this discussion. The licensee did not specify any information reviewed during the inspection as proprietary in nature.

ATTACHMENT

PERSONS CONTACTED

Larry Robertson
Environmental Inspector, West Virginia Department of Environmental Protection
#Penny Harris
Environmental Inspector, West Virginia Department of Environmental Protection
#, *Alan Bartlett, Senior Project Manager, CMC Inc.
Jackie Corman, CMC Inc.
#Nick Gillespie, Criminal Investigator, EPA
Jack Bowden, Director, Raleigh County Emergency Services Authority
*Jerry Bays, Managing Partner, J & N Processing, LLC
☎ Alan Seaman, Kanwaha Scales & Systems, Poca, WV
☎ Larry Taylor, Sabia Inc., Lizemores, WV
☎ Razali Wahab, Sabia Inc., Charleston, WV

- Present at entrance meeting
* - Present at exit meeting
☎ - Contacted by telephone

INSPECTION PROCEDURES USED

IP 87124	Fixed and Portable Gauge Programs
TI 2800/030	Verification of the Status of Devices Authorized For Use Under a General License

LIST OF ACRONYMS USED IN THIS REPORT

Am-241	Americium-241
Cs-137	Cesium-137
CAL	Confirmatory Action Letter
CFR	Code of Federal Regulations
EPA	Environmental Protection Agency
mCi	millicurie
mR/hr	millirem per hour
NRC	Nuclear Regulatory Commission
WVDEP	West Virginia Department of Environmental Protection