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July 5, 2007

Regional Administrator
USNRC, Region IV
611 Ryan Plaza Drive
Suite 400
Arlington, Texas 76011-4005

Sir,

As Radiation Safety Officer licensee for Watts Constructors, LLC, I am officially making written notification that the Nuclear Moisture Density Gauge, CPN MC-3 Porta-probe, Serial Number M340907585, was discovered missing from our job site storage container at the NOAA PRC Ship Operations Facility project, Ford Island, Pearl Harbor, Hawaii, on June 26, 2007.

At approximately 1:00 PM Hawaii Standard Time, (9:00 AM Guam), I received notification from the Nuclear Gauge Operator, Waldermar (Wally) J. Muller, that the Watt's construction storage trailer had been forcibly entered into and that Moisture Density Gauge, secured within under triple lock protection, was missing. I instructed him to immediately contact the Pearl Harbor Police Department, the Nuclear Regulatory Commission and Watts Safety Manager, Sean Tanaka.

Wally Muller also made notifications to Ryan Terayama, Watt's Project Manager (PM), Dan Matsumoto, Project Manager for prime contractor, Healy-Tibbits, Inc. (HTBI) and Kenan Sonoda, Site Safety and Health Officer HTBI. Each of these managers proceeded to make follow up notifications to senior management, the base police and Naval Facilities (NAVFAC) representatives.

PM Terayama had noticed the container doors open on June 22, Friday, at approximately 4:00 PM, and tried making contact with Wally Muller to see if he wanted them locked. PM was unable to make contact and assumed that Muller was still working, and left for the weekend.

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Wally Muller had received two phone calls on the morning of June 26 from Andy Ah Tou (Watts's equipment operator) and Fabian "Tiger" Africano (Lewis Electric electrician) that the container doors were open.

The Pearl Harbor Base Police (PHBP) arrived at the project site. PHBP Officer R. Rohas and Officer R. Caldwell conducted their initial preliminary investigation. Wally Muller stated that the last time he had used the test gauge was June 8, 2007. The container was locked up that morning. Muller was on vacation from the afternoon of June 8 and returned to work on June 18. He did not access the trailer between June 19 and 25. On June 26 he found the lock securing the container doors had been forcibly opened. The gauge storage box was secured by chain to the frame of the storage container. The lock on the chain securing the storage box to the frame of the container was intact. The gauge storage box hasp mechanism and lock were pried off the box, and the gauge was found to be missing.

At approximately 2:45 PM, PHBP Investigator, Amber Reyes arrived at the project site. She confirmed initial investigation findings and related that the Naval Criminal Investigation Service (NCIS) would be taking over the case.

At approximately 2:50 PM, Wally Muller received a call from Steve Sandin of the NRC. Muller related the CPN moisture density gauge had been forcibly accessed and stolen. This theft from a federal military facility was assigned NRC Event # 43446.

At approximately 3:40 PM, NCIS Special Agent Tim Murphy arrives on site. He requested a list of all people on site between 06/08/07 and 06/26/07, description of the nuclear gauge and value. The information was provided by Watt's management.

On July 2, Special Agent T. Murphy informed R. Terayama and W. Muller that Special Agent Mark Politi would assume the investigation. Agent Murphy is being transferred to another NCIS position, but will still remain involved with the case.

On July 5, 2007, NCIS Special Agent M. Politi is at the NOAA project site, conducting investigative interviews with workers identified as being at the project during the dates requested. Due to the sensitivity of the crime scene, the area involved has been secured and declared "off limits" until further instruction by the NCIS.

NCIS Case Number 02JUL07-HIHN-0196-6NNA

As per Title 10- Energy 10 CFR 20 Subpart M. Reports

20.2201. Reports of theft or loss of licensed material.

(a) Telephone reports.

(ii) *A telephone notification was made to the NRC; at time of discovery of break and theft on June 26, 2007 at approximately 2:50 PM. Mr. Sardin of the NRC issued Event #43446.*

Mr. Bob Brown has been in contact with Watt's Constructors Safety Director/ RSO on July 2 and 5, requesting status updates. I advised Mr. Brown that the NCIS had taken over the case and was conducting the investigation at the project site on Ford Island, in Pearl Harbor, Naval Station.

(b) Written reports

(1) Report to be written within 30 days of telephone report-
Telephone report was made on June 26, 2007.

Written report dated- July 5, 2007.

(i) Description of the licensed material involved

Kind- *CPN MC-3 Porta-probe Moisture Density Gauge*

Serial # M340907585

Quantity- *1 each*

Chemical form- *Cesium-137*

Physical form- *Sealed Source (CPN International Model CPN-131)*

Chemical form- *Americium-241*

Physical form- *Sealed Neutron Source (CPN International Model CPN-131)*

- (ii) Description of circumstance under which loss or theft occurred.-

The CPN moisture density gauge was housed within a storage container at the construction project; NOAA Project Ship Operations Facility, Ford Island, Pearl Harbor Hawaii. Storage container and triple lock security were forcibly breached and density gauge stolen from project.

- (iii) A statement of disposition or probable disposition of the licensed material involved.-

*The disposition of the moisture density gauge is unknown. NCIS investigation continues. Special Agent Timothy W. Murphy contact information: Cellular 808-478-5819
Office: 808- 474-1218 Extension 244.
Special Agent Mark Politi
Office: 808- 474-1218 Extension 231*

- (iv) Exposure of individuals to radiation.-

The exposure to radiation is unknown.

- (v) Actions that have been taken or will be taken to recover the material.

The theft of the gauge from a US Naval installation is regarded as a federal crime. The crime is under active investigation by the Naval Crime Investigation Service (NCIS) and is under their jurisdiction and direction.

Efforts have been made to locate the gauge on the Internet, at local pawn shops, and communication of the theft made throughout the test lab professional community.

- (vi) Procedures or measures that have been, or will be adopted to ensure against recurrence of loss or theft of licensed material.

The company will not replace the moisture density gauge. Outside test labs will be used to conduct testing.

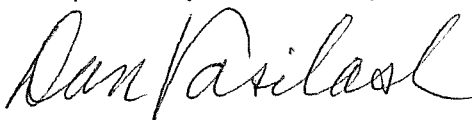
- (d) Subsequent to filing the written report, the licensee shall also report any additional substantive information on the loss or theft within 30 days after the licensee learns of such information.

The Pearl Harbor Police report will be forwarded upon its completion as well as any documentation received from the NCIS. I will keep the NRC advised of any new information regarding the theft of the licensed material.

This concludes the written report of theft of CPN MC-3 Porta-probe Moisture Density Gauge Serial # M340907585.

If there are any further questions, please feel free to contact me at my Honolulu office at 808-543-5201 or my cellular phone 808-630-0846.
Thank you for your help in this matter

Respectfully submitted,



Dan Vasilash CHST, STS, CHMM
Safety Director / Radiation Safety Officer
Watts Constructors, LLC
NRC License # 53-27792-01