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

July 30, 2007

Docket No. 03034475 License No. 45-25396-01
Control No. 140534

Douglas B. Shackleford
Radiation Safety Officer
Sigmon Coal Co., Inc.
Sigmon Preparation Plant
P.O. Box 85
Keokee, VA 24265

SUBJECT: SIGMON COAL CO., INC., LICENSE RENEWAL, CONTROL NO. 140534

Dear Mr. Shackleford:

This refers to your request for renewal of your NRC license. Enclosed with this letter is the renewed license. Please review the enclosed document carefully and be sure that you understand all conditions. If there are any errors or questions, please notify the U.S. Nuclear Regulatory Commission, Region I Office, Licensing Assistance Team, (610) 337-5239, so that we can provide appropriate corrections and answers.

The NRC expects licensees to conduct their programs with meticulous attention to detail and high standards of safety and compliance. Because of the serious consequences to employees and the public that can result from failure to comply with NRC requirements, you must conduct your program according to NRC regulations, the conditions of your NRC license, and the representations made in your application. In particular, note that you must:

1. Operate in accordance with NRC regulations 10 CFR Part 19, “Notices, Instructions and Reports to Workers; Inspections,” 10 CFR Part 20, “Standards for Protection Against Radiation,” and other applicable regulations.

2. Notify the NRC in writing of any change in mailing address.

3. In accordance with 10 CFR 30.36(d), notify the NRC, promptly, in writing, and request termination of the license

   a) when you decide to terminate all activities involving materials authorized under the license; or

   b) if you decide not to acquire or possess and use authorized material.

4. Request and obtain a license amendment before you:

   a) change Radiation Safety Officers;

b) order byproduct material in excess of the amount, or radionuclide, or form different than authorized on the license; or

c) add or change the areas of use, or addresses of use identified in the license application or on the license; or

d) change the name or ownership of your organization.

5. Submit a complete renewal application or termination request at least 30 days before the expiration date of your license. You will receive a reminder notice approximately 90 days before the expiration date. Possession of byproduct material after your license expires is a violation of NRC regulations.

You will be periodically inspected by the NRC. Failure to conduct your program safely and in accordance with NRC regulations, license conditions, and the representations made in your license application and supplemental correspondence with NRC will result in enforcement action against you. This could include issuance of a notice of violation, imposition of a civil penalty, or an order suspending, modifying or revoking your license.

An environmental assessment for this action is not required, since this action is categorically excluded under 10 CFR 51.22(c)(14).

Current NRC regulations and guidance are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, Academic, and Industrial Uses of Nuclear Material;** then **Regulations, Guidance, and Communications.** You may also obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 7:00 a.m. to 8:00 p.m. EST, Monday through Friday (except Federal holidays).

Thank you for your cooperation.

Sincerely,

Original signed by Jenny Johansen

Jenny Johansen
Health Physicist
Materials Security and Industrial Branch
Division of Nuclear Materials Safety

Enclosure:
Amendment No. 1

DOCUMENT NAME: C:\FileNet\ML072140335.wpd

SUNSI Review Complete: JJohansen
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Amendment No. 01

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

Licensee	In accordance with the application dated May 18, 2007,
1. Sigmon Coal Co., Inc. Sigmon Preparation Plant	3. License number 45-25396-01 is amended in its entirety to read as follows:
2. P.O. Box 85 Keokee, Virginia 24265	4. Expiration date July 31, 2017
	5. Docket No. 03034475 Reference No.

6. Byproduct, source, and/or special nuclear material	7. Chemical and/or physical form	8. Maximum amount that licensee may possess at any one time under this license
A. Cesium 137	A. Sealed Sources (Amersham Model CDC.806)	A. 20 millicuries total
B. Americium 241	B. Sealed Sources (Amersham Model AMC.17)	B. 300 millicuries total

9. Authorized use:
   A and B. To be used, for coal sampling, in Coalscan Model 3500 fixed gauging devices that have been registered either with the U.S. Nuclear Regulatory Commission under 10 CFR 32.210 or with an Agreement State and have been distributed in accordance with a Commission or Agreement State specific license authorizing distribution to persons specifically authorized by a Commission or Agreement State license to receive, possess, and use the devices.

CONDITIONS

10. Licensed material may be used or stored only at the licensee's facilities located at Sigmon Preparation Plant, Hwy 606, Keokee, Virginia.

11. Licensed material shall be used by, or under the supervision of, individuals who have received the training described in application dated May 18, 2007 and have been designated, in writing, by the Radiation Safety Officer. The licensee shall maintain records of individuals designated as users for 3 years following the last use of licensed material by the individual.

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12. The Radiation Safety Officer for this license is Douglas B. Shackleford.

13. In addition to the possession limits in Item 8, the licensee shall further restrict the possession of licensed material to quantities below the minimum limit specified in 10 CFR 30.35(d) for establishing decommissioning financial assurance.

14. A. Sealed sources shall be tested for leakage and/or contamination at intervals not to exceed six months or at the intervals specified in the certificate of registration issued by the U.S. Nuclear Regulatory Commission under 10 CFR 32.210 or under equivalent regulations of an Agreement State.

    B. In the absence of a certificate from a transferor indicating that a leak test has been made within the intervals specified in the certificate of registration issued by the U.S. Nuclear Regulatory Commission under 10 CFR 32.210 or under equivalent regulations of an Agreement State, prior to the transfer, a sealed source received from another person shall not be put into use until tested and the test results received.

    C. Sealed sources need not be tested if they are in storage and are not being used; however, when they are removed from storage for use or transferred to another person and have not been tested within the required leak test interval, they shall be tested before use or transfer. No sealed source shall be stored for a period of more than 10 years without being tested for leakage and/or contamination.

    D. The leak test shall be capable of detecting the presence of 0.005 microcurie (185 becquerels) of radioactive material on the test sample. If the test reveals the presence of 0.005 microcurie (185 becquerels) or more of removable contamination, a report shall be filed with the U.S. Nuclear Regulatory Commission in accordance with 10 CFR 30.50(c)(2), and the source shall be removed immediately from service and decontaminated, repaired, or disposed of in accordance with Commission regulations.

    E. Tests for leakage and/or contamination, limited to leak test sample collection, shall be performed by the licensee or by other persons specifically licensed by the U.S. Nuclear Regulatory Commission or an Agreement State to perform such services. The licensee is not authorized to perform the analysis; analysis of leak test samples must be performed by persons specifically licensed by U.S. Nuclear Regulatory Commission or an Agreement State to perform such services.

    F. Records of leak test results shall be kept in units of microcuries and shall be maintained for 5 years.

15. Sealed sources or detector cells containing licensed material shall not be opened or sources removed from source holders by the licensee.

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16. The licensee shall conduct a physical inventory every six months, or at other intervals approved by the U.S. Nuclear Regulatory Commission, to account for all sources and/or devices received and possessed under the license. Records of inventories shall be maintained for 5 years from the date of each inventory and shall include the radionuclides, quantities, manufacturer's name and model numbers, and the date of the inventory.

17. A. Each gauge shall be tested for the proper operation of the on-off mechanism (shutter) and indicator, if any, at intervals not to exceed 6 months or at such longer intervals as specified in the certificate of registration issued by the U.S. Nuclear Regulatory Commission pursuant to 10 CFR 32.210 or the equivalent regulations of an Agreement State.

    B. Notwithstanding the periodic on-off mechanism (shutter) and indicator test, the requirement does not apply to gauges that are stored, not being used, and have the shutter lock mechanism in a locked position. The gauges exempted from this periodic test shall be tested before use.

18. The following services shall not be performed by the licensee: installation, initial radiation surveys, relocation, removal from service, dismantling, alignment, replacement, disposal of the sealed source and non-routine maintenance or repair of components related to the radiological safety of the gauge (i.e., the sealed source, the source holder, source drive mechanism, on-off mechanism (shutter), shutter control, shielding). These services shall be performed only by persons specifically licensed by the U.S. Nuclear Regulatory Commission or an Agreement State to perform such services.

19. The licensee may initially mount a gauge if permitted by the certificate of registration issued by the U.S. Nuclear Regulatory Commission or an Agreement State and under the following conditions:

    A. The gauge must be mounted in accordance with written instructions provided by the manufacturer;

    B. The gauge must be mounted in a location compatible with the "Conditions of Normal Use" and "Limitations and/or Other Considerations of Use" in the certificate of registration issued by the U.S. Nuclear Regulatory Commission or an Agreement State;

    C. The on-off mechanism (shutter) must be locked in the off position, if applicable, or the source must be otherwise fully shielded;

    D. The gauge must be received in good condition (i.e., package was not damaged); and

    E. The gauge must not require any modification to fit in the proposed location.

    Mounting does not include electrical connection, activation or operation of the gauge. The source must remain fully shielded and the gauge may not be used until it is installed and made operational by a person specifically licensed by the U.S. Nuclear Regulatory Commission or an Agreement State to perform such operations.

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20. A. The licensee may maintain, repair, or replace device components that are not related to the radiological safety of the device and that do not result in the potential for any portion of the body to come into contact with the primary beam or in increased radiation levels in accessible areas.

    B. The licensee may not maintain, repair, or replace any of the following device components: the sealed source, the source holder, source drive mechanism, on-off mechanism (shutter), shutter control, or shielding, or any other component related to the radiological safety of the device, except as provided otherwise by specific condition of this license.

21. Prior to initial use and after installation, relocation, dismantling, alignment, or any other activity involving the source or removal of the shielding, the licensee shall assure that a radiological survey is performed to determine radiation levels in accessible areas around, above, and below the gauge with the shutter open. This survey shall be performed only by persons authorized to perform such services by the U.S. Nuclear Regulatory Commission or an Agreement State.

22. The licensee shall operate each device containing licensed material within the manufacturer's specified temperature and environmental limits such that the shielding and shutter mechanism of the source holder are not compromised.

23. The licensee shall assure that the shutter mechanism, for each device containing licensed material, is locked in the closed position during periods when a portion of an individual's body may be subject to the direct radiation beam. The licensee shall review and modify, as appropriate, its "lock-out" procedures whenever a new device is obtained to incorporate the device manufacturer's recommendations.

24. The licensee is authorized to transport licensed material in accordance with the provisions of 10 CFR Part 71, "Packaging and Transportation of Radioactive Material."

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25. Except as specifically provided otherwise in this license, the licensee shall conduct its program in accordance with the statements, representations, and procedures contained in the documents, including any enclosures, listed below. The U.S. Nuclear Regulatory Commission's regulations shall govern unless the statements, representations, and procedures in the licensee's application and correspondence are more restrictive than the regulations.

    A. Application dated May 19, 1997 (ML060470489)
    B. Letter dated August 22, 1997 (ML060470495)
    C. Application dated May 18, 2007 (ML071420381)

For the U.S. Nuclear Regulatory Commission

Date July 30, 2007

By ***Original signed by Jenny Johansen***

Jenny Johansen
Materials Security and Industrial Branch
Division of Nuclear Materials Safety
Region I
King of Prussia, Pennsylvania 19406