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NRC FORM 386 (RIII)
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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
2443 Warrenville Road, Suite 210
Lisle, Illinois 60532-4352

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DAVID WOOD, RSO

LOCATION:

CHINOOK PLANT - BRADLEY, IN

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SAM MULAY, U.S. NRC - R3

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MESSAGE

SAFETY INSPECTION REPORT
AND COMPLIANCE INSPECTION

1. LICENSEE Covol Engineered Fuels, LLC REPORT NUMBER(S) 2008-001		2. NRC/REGIONAL OFFICE Region III 2443 Warrenville Road, Suite 210 Lisle, IL 60532	
3. DOCKET NUMBER(S) 030-37492	4. LICENSE NUMBER(S) 43-32660-01	5. DATE(S) OF INSPECTION July 28, 2008	
6. INSPECTION PROCEDURES USED 87124	7. INSPECTION FOCUS AREAS 03.01-03.07		

SUPPLEMENTAL INSPECTION INFORMATION

1. PROGRAM 3120	2. PRIORITY K5	3. LICENSEE CONTACT David Wood, RSO	4. TELEPHONE NUMBER 812-725-3112
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Main Office Inspection Next Inspection Date: 07/2013

Field Office Chinook Plant, 3589 N. County Road, 500W, Brazil, IN

Temporary Job Site Inspection _____

PROGRAM SCOPE

The licensee is a subsidiary of Headwaters Energy Services, a Division of Headwaters Incorporated, located in South Jordan, Utah. The licensee dredges, processes and analyzes coal deposits in existing slurry ponds for chemical composition to be sold as "clean" coal as an alternate fuel product. The site became operational in December 2007, and is currently involved with the processing of coal product 24/7.

The licensee possesses one specifically licensed SABIA XC-25, containing two sources of californium-252 as authorized in a fixed gauging device and used for chemical analyses of coal product.

In addition, the licensee possesses one Ronan Model RLL-1, generally licensed fixed gauging device, containing 0.9 millicuries of cesium-137, located on a dredging vessel used to measure volume of coal slurry being sent to the process plant. This device was reviewed during a pre-licensing site visit on August 21, 2007, with no regulatory issues identified. Since August 2007, the licensee has acquired three additional generally licensed Thermo-Measuretech gauges, containing various quantities of cesium-137 and used to measure density of material in the plant pipeline.

Performance Observations

The inspector toured the processing plant and observed the SABIA device in the proper location. Leak tests, inventory and shutter checks are performed each six months by SABIA representatives. Records reviewed did not indicate regulatory issues. Required surveys of the device after installation were performed and appeared adequately performed and maintained. The unit was observed properly labeled and the area adequately posted with all gauge operations monitored in a control room.

Independent measurements conducted of the SABIA unit revealed results as expected with the shutter in the exposed and shielded positions. Independent radiation measurements of these devices obtained for all units averaged about 5.0 to 18.0 mr/hr at gauge surfaces and approximately 0.4 to 0.8 mr/hr at three feet. Security of all devices appeared to be well maintained. The licensee possesses a calibrated and operable Ludlum-2401 for use as needed.

Leak tests of the generally licensed devices are performed at three year frequencies. The most recent leak test records were reviewed and did not indicate contamination.