



REGION I  
475 ALLENDALE ROAD  
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

June 14, 2010

Docket No. 15000009  
EA-10-110

FL License No. FL-3025-1

Michael Varner, P.E.  
Vice President  
Southern Earth Sciences, Inc.  
1438 Balboa Avenue  
Panama City, FL 32401

SUBJECT: NRC INSPECTION REPORT NO. 15000009/2010001, SOUTHERN EARTH SCIENCES, INC., PANAMA CITY, FLORIDA

Dear Mr. Varner:

This letter refers to the inspection conducted by Scott Wilson of this office between April 26, 2010, and May 19, 2010, at 1438 Balboa Avenue, Panama City, Florida, and at Tyndall Air Force Base and the Naval Surface Warfare Center in Panama City, to discuss activities authorized by the license listed above. Your activities in NRC jurisdiction are authorized by a general license granted by 10 CFR 150.20(a). The inspection was an examination of your licensed activities as they relate to compliance with the Commission's regulations and the license conditions and consisted of interviews with personnel and a selective examination of representative records. Additional information provided in a telephone conversation on May 4, 2010, between Richard Conroy of your organization and this office was also examined as part of the inspection. The findings of the inspection were discussed with you and Mr. Conroy via telephone on May 19, 2010. The enclosed report presents the results of this inspection.

Based on the results of this inspection, one apparent violation was identified and is being considered for escalated enforcement. The apparent violation involves the failure to file a "Report of Proposed Activities in Non-Agreement States, Areas of Exclusive Federal Jurisdiction, or Offshore Waters" (NRC Form 241), prior to engaging in licensed activities in areas of exclusive federal jurisdiction. Specifically, for an indeterminate number of incidences between January 2008, and April 2009, Southern Earth Sciences, Inc., conducted nuclear density testing, a licensed activity, within NRC jurisdiction at Tyndall Air Force Base and the Naval Surface Warfare Center without an NRC license or filing NRC Form 241. We note that you have taken corrective actions to address these matters as documented in the enclosed Inspection Report.

Because the NRC has not made a final determination with respect to the apparent violations, a Notice of Violation is not being issued at this time. You will be advised by separate correspondence of the results of our deliberations.

Current NRC regulations are included on the NRC's website at [www.nrc.gov](http://www.nrc.gov); select **Nuclear Materials; Medical, Academic, and Industrial Uses of Nuclear Material**; then **Regulations, Guidance, and Communications**. The current NRC Enforcement Policy is included on the NRC's website at [www.nrc.gov](http://www.nrc.gov); select **About NRC; How We Regulate; Enforcement**; then **Enforcement Policy**. You may also obtain these documents by contacting the Government

M. Varner

2

Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 7:00 a.m. to 6:30 p.m. EST, Monday through Friday (except Federal holidays).

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the NRC document system (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>.

No reply to this letter is required. Please contact Scott Wilson at 610-337-5136, if you have any questions regarding this matter.

Sincerely,

*/RA/*

Marie T. Miller, Chief  
Materials Security and Industrial Branch  
Division of Nuclear Materials Safety

Enclosure:  
Inspection Report No. 15000009/2010001

cc w/Enclosure:  
Richard Conroy, Radiation Safety Officer  
State of Florida

M. Varner

2

Printing Office (GPO) toll-free at 1-866-512-1800. The GPO is open from 7:00 a.m. to 6:30 p.m. EST, Monday through Friday (except Federal holidays).

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the NRC document system (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>.

No reply to this letter is required. Please contact Scott Wilson at 610-337-5136, if you have any questions regarding this matter.

Sincerely,

*/RA/*

Marie T. Miller, Chief  
Materials Security and Industrial Branch  
Division of Nuclear Materials Safety

Enclosure:  
Inspection Report No. 15000009/2010001

cc w/Enclosure:  
Richard Conroy, Radiation Safety Officer  
State of Florida

DISTRIBUTION w/encl:  
ADAMS (PARS)  
R Lewis, FSME  
J. Luehman, FSME  
J. Kinneman, RI  
M. Miller, RI

D Screnci, PAO-RI / N Sheehan, PAO-RI  
D. Janda, SAO-RI / J. Kottan, SAO-RI  
K Farrar, RI  
D Holody, RI  
A DeFrancisco, RI  
M McLaughlin, RI

C O'Daniell, RI  
S Villar, RI  
R1DNMSMailResource  
Region I OE Files (with concurrences)

LTR – ML101660641, RPT – ML101660646

DOCUMENT NAME: G:\WordDocs\Current\Insp Letter\LFL-3025-1.2010001.doc

**SUNSI Review Complete:** SWilson

After declaring this document "An Official Agency Record" it will be released to the Public.

**To receive a copy of this document, indicate in the box: "C" = Copy w/o attach/encl "E" = Copy w/ attach/encl "N" = No copy**

OFFICE	DNMS/RI	N	DNMS/RI	N	DNMS/RI	N	ORA/RI	
NAME	SWilson/mtm f/		MMiller/mtm		JKinneman/dsc f/		DHolody/mmm f/	
DATE	06/10/10		06/10/10		6/10/2010		06/14/10	
OFFICE	DNMS/RI	N						
NAME	MMiller							
DATE	06/14/10							

OFFICIAL RECORD COPY