

February 1, 2013

U. S. Nuclear Regulatory Commission  
11545 Rockville Pike – MS 8E24  
Rockville, MD 20852

Certified Mail/RRR: 7009 1680 001 1099 6887

Attn: Bruce Carraco, Health Physicist

Re: Tracerco NRC License No. 07-288386-01  
E Distribution License Requirements

Dear Mr. Carroco:

I am addressing my inquiry to you because it is my understanding from our NRC license reviewer, Kathy Modes, that you are responsible for matters regarding E-distribution licenses. While you and I briefly discussed this issue in a previous phone conversation, it is necessary that I now address the subject in writing due the potential economic effect if Tracerco is required to obtain an E-distribution license.

Tracerco's NRC License No. 07-288386-01 Condition 17 reads as follows;

**“Pursuant to 10 CFR 32.11, and in accordance with the application dated August 25, 2005, the licensee is authorized to introduce byproduct material as contamination in tracer studies and to transfer ownership and possession of the product or material containing byproduct materials to persons exempt from the requirements for a license provided in 10 CFR 30.14. The concentration of byproduct material at the time of transfer shall not exceed the concentration in 10 CFR 30.70 nor shall the product be likely to be incorporated in any food beverage, cosmetic, or other commodity or product designed for ingestion or inhalation by, or application to, a human being. The concentrations at the boundary shall not exceed the limits in 10 CFG 20.1302. The licensee shall report such transfers in accordance with 10 CFR 32.12.”**

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10 CFR 30.14(d) states, "No person may introduce material into a product or material knowingly or having reason to believe that it will be transferred to persons exempt under this section or equivalent regulations of any Agreement state, **except in accordance with a license issued under §32.11** of this chapter."

It is Tracerco's contention that license Condition 17 is the accepted exception referenced by 10 CFR 30.14(d). Subsequently, Tracerco is requesting that a separate E-distribution license not be required. While we are introducing a tracer isotope into a customer's product, we are not distributing a product that that contains bi-product materials.

The issue of a E-distribution license came to our attention when Ms. Modes referenced an article in the U.S.NRC Licensee Newsletter (NUREG/BR-0117, No.2), which indicated that the type of tracer study service that Tracerco provides '**might**' require an E-distribution license. The use of the term '**might**' infers that an E-distribution may not be required. In effect, Tracerco is not transferring a product it either produced or manufactured that contains an exempt concentration of bi-product material. We believe that is a differentiation that should exclude us from an E-distribution license requirement.

We are requesting that NRC re-evaluate Tracerco's tracer studies application as it applies to E-distribution license requirements and provide a written response clarifying the specific regulations concerning this E-distribution license requirement and how it applies to Tracerco's use bi-product materials for tracer studies. It is always Tracerco's intent to comply with regulatory requirements, but it seems that regulations are not clear regarding this issue. In addition to the initial \$11,500 E-distribution application fee, Tracerco will be required to pay an additional \$20,500 annual fee, which will increase our annual NRC license(s) fee from \$4800 to \$25,300. Thus, the economic impact riding on the uncertainty of E-distribution license regulations that '**might be applied**' to Tracerco.

Your attention and re-consideration regarding this issue will be greatly appreciated.

Best regards,



Norman P. Lanier  
Corporate Radiation Safety Officer