

OCT 13 1989

Osceola Products Company
 Kennett Division
 ATTN: Bill Huff
 Plant Superintendent
 P.O. Box 41
 Kennett, MO 63857

License No. 24-20398-02

30-30797

Gentlemen:

This refers to a telephone contact conducted on October 5, 1989. The contact was an examination of activities conducted under your license as they relate to radiation safety and to compliance of the Commission's rules and regulations and with the conditions of your license. The contact consisted of discussions between Mr. Bill Huff of your staff and Mr. Bryan A. Parker of my staff.

As a result of this examination of activities, regulatory concerns were noted and are specified below. They may be evaluated at an onsite inspection at your facility in the near future.

As you described on the telephone, the following apparent regulatory concerns were identified:

You are required, by License Condition No. 12 to leak test your licensed material at intervals not to exceed three (3) years. From conversation with you, it appears that your licensed gauge has not been leak tested since its initial installation in approximately 1979.

You should examine your license and NRC regulations to determine how you can correct the apparent regulatory concerns that you discussed on the telephone. Please submit to this office within 30 days of this letter, a description of actions taken or those that will be taken to correct the above mentioned regulatory concerns. In addition, we would like to highlight the following items that licensees should pay particular attention to as follows:

- a. Maintaining awareness and control of licensed material.
- b. Proper transfers and disposal of radioactive sources.
- c. Promptly reporting losses or thefts of licensed materials.

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If you have any questions regarding this contact, you may contact us at
(312) 790-5500.

Sincerely,

Roy J. Caniano, Chief
Nuclear Materials Safety
Section 2

cc: DCD/DCB (RIDS)

bcc: Technical Assistant, DRSS

R111
Parker/jaw
10/11/89

R111
Caniano
10/11/89