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OCT 26 1981

License No. STC-1333  
Docket No. 40-8610  
EA82-08

Stepan Chemical Company  
ATTN: Mr. Quinn Stepan  
President  
22 Frontage Road  
Northfield, Illinois 60093



Gentlemen:

In the course of pursuing issues raised during inspections at your Maywood, New Jersey plant in late 1980 and 1981, John G. O'Brien, General Manager, Stepan Chemical Company, et al, met with me, and members of my staff, in Bethesda, Maryland on October 8, 1981. This meeting was for the purpose of discussing Mr. O'Brien's knowledge of the burial of thorium waste on Stepan Chemical Company property located in Maywood, New Jersey. During the course of these discussions, Mr. O'Brien confirmed his previous admission of January 22, 1981 that in the initial NRC interviews conducted on November 19 and 20, 1980, he knowingly withheld information he possessed concerning the number and location of thorium waste burial sites on the Stepan Chemical Company Maywood, New Jersey property. Further, we learned that officials at your corporate office were informed of this withholding of information immediately upon completion of the November 19 and 20 interviews. However, Mr. O'Brien apparently was not instructed to immediately supply the information to the NRC. Moreover, the corporate officials also did not notify the NRC of the information that had been withheld by Mr. O'Brien. This deliberate omission of information and the apparent failure of corporate management to immediately correct this wrongful act is of grave concern to the NRC. An open and honest relationship must exist between the NRC and its licensees for the NRC to discharge its responsibility to protect the health and safety of the public.

Accordingly, since you have not provided sufficient guidance, policies and direction to company officials to ensure open and free communication between such officials and the NRC, and, in order to emphasize the importance of providing NRC with complete and factual information on all matters pertaining to licensed activities, we propose to impose a civil penalty of Twenty Thousand Dollars upon the Stepan Chemical Company for the violation set forth in the Appendix to this letter. The violation in the Appendix has been categorized at Severity Level III in accordance with Interim Enforcement Policy published in the Federal Register 45 FR 66754 (October 7, 1980). As stated in the

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Interim Enforcement Policy, "particularly egregious cases, including cases involving willfulness, may result in penalties up to the statutory maximum" (\$100,000). In this case a civil penalty of Twenty Thousand Dollars is deemed appropriate.

In your reply, you should give particular attention to those actions designed to assure continuing compliance with NRC requirements. Your reply to the Appendix and the results of future inspections will be considered in determining whether further enforcement action is appropriate.

The responses directed by this letter and the enclosed Appendix are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

Sincerely,

Original signed by  
Victor Stello

Victor Stello, Jr., Director  
Office of Inspection and Enforcement

Enclosure:  
Appendix - Notice of Violation and  
Proposed Imposition of Civil Penalty

cc:  
John G. O'Brien  
Richard Jacobson, Esq.

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Department of Environmental Protection  
ATTN: Mr. Eugene Fisher, Chief  
Bureau of Radiation Protection  
380 Scotch Road  
Trenton, NJ 08628

See previous concurrences  
All agreed to modified  
wording of this version  
(JCM) 10/26/81

WPU: JD	EI: IE	EI: IE	ELD	D: EI: IE	DD: IE	D: IE
10/26/81	GBarber	DWessman	JMurray	DThompson	RCDeYoung	VStello
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Stepan Chemical Company

- 2 -

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Sincerely,

Victor Stello, Jr., Director  
Office of Inspection and Enforcement

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Department of Environmental Protection

ATTN: Mr. Eugene Fisher, Chief

Bureau of Radiation Protection

380 Scotch Road

Trenton, NJ 08628

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Region I

Telephone Conference

R. Carlson 10/20/81

Fish

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Lieberman for must?