

APPENDIX A
NOTICE OF VIOLATION

Osteon, Inc.
P. O. Box 430
Wahiawa, Hawaii 96786

License No. 53-23440-01

As a result of the inspection conducted on September 14, 1987, and in accordance with the NRC Enforcement Policy, 10 CFR Part 2, Appendix C, the following violations were identified:

1. License Condition 15.A(1) requires, in part, that sources specified in Item 7.A of the license shall be tested for leakage at intervals not to exceed six months.

Contrary to the above requirement, documentation was unavailable to show that leak tests had been performed on nine sources acquired between September 19, 1986 and January 28, 1987.

This is a Severity Level IV Violation (Supplement VI).

2. License Condition 16 requires, in part, that the licensee shall conduct a physical inventory every six months to account for all sources received and possessed under the license.

Contrary to the above requirement, a physical inventory was not conducted during the period of January through June 1986.

This is a Severity Level IV Violation (Supplement VI).

3. License Condition 11.B requires, in part, that training in the use and operation of Osteon Model SPSHA 110 or 220 bone mineral analyzers may be conducted by persons named in the license or by other persons who have been certified by the American Board of Health Physics and who have acknowledged in writing that they have read and understood Sections 3.6 through 3.12 of the Asteco Analyzer Model SPSHA 110 Operation Manual dated July 1985.

Contrary to the above requirement, documentation was unavailable to show that a Certified Health Physicist employed by the licensee on May 7, 1986 to conduct training had read and understood the specified sections of the Operations Manual.

This is a Severity Level V Violation (Supplement VI).

4. License Condition 11.A requires, in part, that license material shall be used by persons named in the license or other personnel who have completed the training program described in the letter dated April 16, 1985 and who have been approved by Philip Manly. License Condition 11.C requires, in part, that such training shall be documented.

Contrary to the above requirement, documentation was unavailable to show that one person employed from September 1986 to February 1987, and

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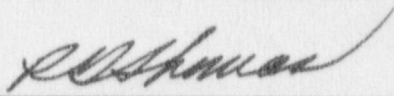
a second person currently employed with the company who used licensed material on a full or part time basis received the required training.

This is a Severity Level V Violation (Supplement VI).

Pursuant to the provisions of 10 CFR 2.201, Osteen, Inc., is hereby required to submit a written statement or explanation to the U. S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555 with a copy to the Regional Administrator, Region V within 30 days of the date of the letter transmitting this Notice. This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (1) the reason for the violation if admitted, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. If an adequate reply is not received within the time specified in this Notice, an order may be issued to show cause why the license should not be modified, suspended, or revoked or why such other action as may be proper should not be taken. Consideration may be given to extending the response time for good cause shown.

FOR THE NUCLEAR REGULATORY COMMISSION

Dated at Walnut Creek, California
this 15 day of October 1987



James L. Montgomery, Chief
Nuclear Materials Safety and
Safeguards Branch