



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005

June 6, 2005

Mr. Mike Hartley
Vice President
PND, Inc.
811 First Avenue, Suite 570
Seattle, Washington 98104

SUBJECT: NRC INSPECTION REPORT 030-36853/05-001 AND NOTICE OF VIOLATION

Dear Mr. Hartley:

This letter refers to the inspection conducted on March 31, 2005, at the above address. The inspection was an examination of activities conducted under your license as they relate to radiation safety, to compliance with the Commission's rules and regulations, and with the conditions of your license. Within these areas, the inspection consisted of selective examinations of procedures and representative records, and interviews with personnel. Preliminary inspection findings were discussed with you and Mr. Gary Watters at the conclusion of the onsite inspection. The inspection results were also discussed with Mr. Watters during a final telephonic exit briefing conducted on June 1, 2005.

Based on the results of this inspection, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. These violations were evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at www.nrc.gov; select **What We Do, Enforcement**, then **Enforcement Policy**. These violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail. These violations are being cited in the Notice because they were identified by NRC during the inspection.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. For your consideration and convenience, an excerpt from NRC Information Notice 96-28, "SUGGESTED GUIDANCE RELATING TO DEVELOPMENT AND IMPLEMENTATION OF CORRECTIVE ACTION," is enclosed. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, Enclosure 1, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/Adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

PND, Inc.

-2-

Should you have any questions concerning this inspection or the enclosed report, please contact Dr. Janine F. Katanic at (817) 860-8151 or the undersigned at (817) 860-8287.

Sincerely,

/RA/

Mark R. Shaffer, Chief
Nuclear Materials Inspection Branch

Docket No.: 030-36853
License No.: 46-27804-01

Enclosures:

1. Notice of Violation
2. NRC Information Notice 96-28

cc w/Enclosure 1:
Washington Radiation Control Program Director

PND, Inc.

-3-

bcc w/Enclosure 1 (via ADAMS distrib):

LDWert

CLCain

MRShaffer

JEWhitten

JFKatanic

KEGardin

NMIB

RIV Materials Docket File (5th floor)

SISP Completed: JFK

ADAMS: Yes No Initials: JFK

Publicly Available Non-Publicly Available Sensitive Non-Sensitive

DOCUMENT NAME: s:\dnms!\nmib\katanic\53685301.wpd

final r:_dnms

RIV:DNMS:NMIB	C:NMLB	C:NMIB
JFKatanic	JEWhitten	MRShafer
<i>/RA/</i>	<i>/RA Jcook for/</i>	<i>/RA/</i>
06/03/05	06/03/05	06/06/05

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

ENCLOSURE 1

NOTICE OF VIOLATION

PND, Inc.
Seattle, Washington

Docket No. 030-36853
License No. 46-27804-01

During an NRC inspection conducted on March 31, 2005, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. License Condition 22 of Byproduct Materials License 46-27804-01 requires, in part, that the licensee conduct its program in accordance with the statements, representations, and procedures contained in the application dated February 1, 2005. Item 10 of application dated February 1, 2005, specifies the licensee's commitment to either possess and use, or have access to and use, a radiation survey meter that meets the Criteria in the section entitled "Radiation Safety Program-Instruments" in NUREG-1556, Vol. 1, Rev. 1, dated November 2001.

Contrary to the above, from March 11-31, 2005, the licensee conducted licensed activities in King Cove, Alaska and failed to either possess and use, or have access to and use, a radiation survey meter that meets the Criteria in the section entitled "Radiation Safety Program-Instruments" in NUREG-1556, Vol. 1, Rev. 1, dated November 2001, as specified in Item 10 of application dated February 1, 2005.

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

- B. 10 CFR 20.1302(a) requires, in part, that the licensee shall make or cause to be made, as appropriate, surveys of radiation levels in unrestricted and controlled areas to demonstrate compliance with the dose limits for individuals members of the public in 10 CFR 20.1301.

Contrary to the above, from March 11-31, 2005, the licensee conducted licensed activities in an area where the NRC maintains jurisdiction for regulating the use of licensed material and the licensee failed to make or cause to be made, surveys of radiation levels in unrestricted and controlled areas to demonstrate compliance with the dose limits for individual members of the public. Specifically, the licensee had not made or caused to be made, as appropriate, surveys of an area where a portable nuclear gauge was stored in King Cove, Alaska.

This is a Severity Level IV violation (Supplement IV).

Pursuant to the provisions of 10 CFR 2.201, PND, 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 IV, at 611 Ryan Plaza Drive, Suite 400, Arlington, Texas 76011, within 30 days of the date of the letter transmitting this Notice of Violation (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, or, if contested, the basis for disputing the violation or severity level, (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. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>, to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information).

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 06 day of June, 2005