



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

December 19, 2006

Docket No. 03032419
EA No. 06-288

License No. 29-28670-01

Paul Echaniz, P.E.
President/RSO
EGS Associates, Inc.
124 N. Mississippi Avenue
Atlantic City, NJ 08401

SUBJECT: INSPECTION REPORT NO. 03032419/2006001, EGS ASSOCIATES, INC.,
ATLANTIC CITY, NEW JERSEY

Dear Mr. Echaniz:

This refers to the inspection conducted on September 21, 2006, at your Atlantic City, New Jersey facility. The inspection consisted of observation by the inspector, interviews with you and members of your staff, and a selected examination of representative records. The inspector discussed the findings of this inspection with you during a telephone conversation on November 13, 2006. In addition, the inspector completed a review of additional information submitted by you on November 22, 2006, as part of this inspection. The enclosed inspection report presents the results of this inspection.

The inspection identified nine apparent violations including one which is being considered for escalated enforcement action 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, the Enforcement Policy.**" The apparent violation includes two examples in which you failed to secure a portable gauge in your possession by using two independent physical controls as required by 10 CFR 30.34(i). Since the NRC has not made a final determination in this matter, a Notice of Violation is not being issued for this inspection finding at this time. Of the remaining eight violations three were repeat violations from the previous inspection conducted on January 28, 2002. From this recent inspection, it appears that your corrective actions were not effective since the violations have recurred. Recurrent and uncorrected violations are given additional weight in the consideration and selection of appropriate enforcement action. In addition, the characterization of the apparent violations described in the enclosed inspection report may change as a result of further NRC review.

On November 13, 2006, Ms. Judy Joustra of my staff informed you that the violation of 10 CFR 30.34(i) was being considered for escalated enforcement action. Ms. Joustra also provided you an opportunity to attend a predecisional enforcement conference or to provide a written response, prior to the NRC determining appropriate enforcement action. During that conversation, you declined the opportunity to attend a conference. However, since you chose to provide a written response, your letters dated November 17, 2006 and November 22, 2006, will be considered in determining an appropriate enforcement action.

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding this apparent violation is required at this time.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of the NRC's document system (ADAMS). ADAMS is accessible from NRC website at <http://www.nrc.gov/reading-rm.html> (the Public Electronic Reading Room). However, the enclosed Inspection Report will be withheld from public disclosure by the NRC and must be protected from unauthorized disclosure because the report contains specific information on the location and methods used to secure licensed radioactive material. Security Related Information is also discussed in Regulatory Information Summary (RIS) 2005-31, "Control of Security-Related Sensitive Unclassified Non-Safeguards Information..." (ML053480073) which is available on the NRC web site, www.nrc.gov, select **Electronic Reading Room; All Collections; Generic Communications; Regulatory Issue Summaries; 2005; RIS-05-031**.

Current NRC regulations are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, Industrial, and Academic uses of Nuclear Material**; then **Toolkit Index Page**. The current Enforcement Policy is included on the NRC's website at www.nrc.gov; select **What We Do. Enforcement**, then **Enforcement Policy**. Or you may obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-888-293-6498. The GPO is open from 7:00 a.m. to 9:00 p.m. EST, Monday through Friday (except Federal holidays).

Sincerely,

Original signed by Brian Holian

Brian Holian, Director
Division of Nuclear Materials Safety

Enclosure:
NRC Region I Inspection Report 030-32419/2006-001

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State of New Jersey

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SUNSI Review Complete: JJoustra

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