UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION III
2443 WARRENVILLE ROAD, SUITE 210
LISLE, ILLINOIS 60532-4352

JUN 26 2007

Bryan MacKinnon
Radiation Safety Officer
L.S. Engineering, Inc.
200 S. Clay Street
Greenville, MI 48838

Dear Mr. MacKinnon:

Enclosed is Amendment No. 2 to your NRC Material License No. 21-32296-01 in accordance with your request. Please note that the changes made to your license are printed in **bold** font.

Please review the enclosed document carefully and be sure that you understand all conditions. If there are any errors or questions, please notify the U.S. Nuclear Regulatory Commission, Region III office at (630) 829-9887 so that we can provide appropriate corrections and answers.

Please note that License Condition 19, which addresses security criteria for portable nuclear gauges, has been modified in its entirety to incorporate additional security measures. These security measures are based on revisions to 10 CFR Part 30, by the addition of paragraph 30.34(i), "Security requirements for portable gauges," as published in the Federal Register on January 12, 2005, with an effective date of July 11, 2005. The final rule requires a portable gauge licensee to use a minimum to two independent physical controls that form tangible barriers to secure portable gauges from unauthorized removal whenever the portable gauges are not under the control and constant surveillance of the licensee. You should have previously received a copy of this regulatory requirement by mail. This mailing included a revised copy of Appendix H, "Operating, Emergency, and Security Procedures," of NUREG 1556 Volume 1, Revision 1, Consolidated Guidance About Materials Licenses; Program-Specific Guidance About Portable Gauge Licenses, dated November 2001, which incorporates these changes.

Please also note, as we discussed by telephone on June 25, 2007, an activity for each radionuclide and a total activity for each radionuclide has been listed in Item 8 of your NRC license.

Please be advised that your license expires at the end of the day, in the month, and year stated in the license. Unless your license has been terminated, you must conduct your program involving byproduct materials in accordance with the conditions of your NRC license, representations made in your license application, and NRC regulations. In particular, note that you must:

1. Operate in accordance with NRC regulations 10 CFR Part 19, "Notices, Instructions and Reports to Workers; Inspections," 10 CFR Part 20, "Standards for Protection Against Radiation," and other applicable regulations.

2. Notify NRC, in writing, within 30 days:

   a. When the Radiation Safety Officer permanently discontinues performance of duties under the license or has a name change; or

b. When the mailing address listed on the license changes.

3. In accordance with 10 CFR 30.36(d) and/or license condition, notify NRC, promptly, in writing, and request termination of the license:

   a. When you decide to terminate all activities involving materials authorized under the license; or

   b. If you decide not to complete the facility, acquire equipment, or possess and use authorized material.

4. Request and obtain a license amendment before you:

   a. Change Radiation Safety Officers;

   b. Order byproduct material in excess of the amount, or radionuclide, or form different than authorized on the license;

   c. Add or change the areas of use or address or addresses of use identified in the license application or on the license; or

   d. Change ownership of your organization.

5. Submit a complete renewal application or termination request at least 30 days before the expiration date of your license. You will receive a reminder notice approximately 90 days before the expiration date. Possession of byproduct material after your license expires is a violation of NRC regulations. A license will not normally be renewed, except on a case-by-case basis, in instances where licensed material has never been possessed or used.

In addition, please note that NRC Form 313 requires the applicant, by his/her signature, to verify that the applicant understands that all statements contained in the application are true and correct to the best of the applicant's knowledge. The signatory for the application should be the licensee or certifying official rather than a consultant.

You will be periodically inspected by NRC. Failure to conduct your program in accordance with NRC regulations, license conditions, and representations made in your license application and supplemental correspondence with NRC will result in enforcement action against you. This could include issuance of a notice of violation, or imposition of a civil penalty, or an order suspending, modifying or revoking your license as specified in the General Statement of Policy and Procedure for NRC Enforcement Actions. Since serious consequences to employees and the public can result from failure to comply with NRC requirements, prompt and vigorous enforcement action will be taken when dealing with licensees who do not achieve the necessary meticulous attention to detail and the high standard of compliance which NRC expects of its licensees.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). The NRC's document system is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

Sincerely,

William P. Reichhold
Materials Licensing Branch

License No. 21-32296-01
Docket No. 030-35620

Enclosure: Amendment No. 2