

June 22, 2010

EA-10-106
EA-10-107

Eric Coustry, President
Mikon Corporation
4414 B South 40th Street
St. Joseph, MO 64503

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 030-29962/2010-001(DNMS) AND
NOTICE OF VIOLATION – MIKON CORPORATION

Dear Mr. Coustry:

On May 24 and 25, 2010, the U.S. Nuclear Regulatory Commission (NRC) performed a routine inspection at your St. Joseph, Missouri facility. The enclosed report presents the results of this inspection.

This inspection examined activities conducted under your license as they relate to safety and compliance with the Commission's rules and regulations and with the conditions in your license. Within these areas, the inspection consisted of a selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, one apparent violation was identified and is being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at (<http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>). The apparent violation pertains to your staff's failure to use a minimum of two independent physical controls that formed tangible barriers to secure portable gauges from unauthorized removal whenever the gauges were not under the control and constant surveillance of authorized personnel (see Section 2.2 a. of the subject report). The circumstances surrounding the apparent violation, the significance of the issues, and the need for lasting and effective corrective action were discussed with members of your staff at the inspection exit meeting on May 25, 2010. During a teleconference on June 17, 2010, Robert Gattone of my staff informed James Patrick of your staff about the inspection findings. As a result, it may not be necessary to conduct a Predecisional Enforcement Conference (PEC) in order to enable the NRC to make an enforcement decision.

In addition, since your facility has not been the subject of escalated enforcement actions within the last two inspections, and based on our understanding of your corrective actions, a civil penalty may not be warranted in accordance with Section VI.C.2 of the Enforcement Policy. The final decision will be based on your confirming on the license docket that the corrective actions previously described to the staff have been or are being taken.

Before the NRC makes its enforcement decision, we are providing you an opportunity to either: (1) respond to the apparent violation addressed in this inspection report within 30 days of the date of this letter; or (2) request a PEC. If a conference is held, it will be open for public observation. The NRC will also issue a press release to announce the conference. Please contact Tamara Bloomer at (630) 829-9627 within seven days of the date of this letter to notify the NRC of your intended response.

If you choose to provide a written response, it should be clearly marked as a "Response to an Apparent Violation in Inspection Report No. 030-29962/2010-001(DNMS); EA-10-106" and should include for the apparent violation: (1) the reason for the apparent violation, or, if contested, the basis for disputing the apparent violation; (2) all the corrective steps that have been taken and the results achieved; (3) all the corrective steps that will be taken to avoid further violations; and (4) the date when full compliance will be achieved. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be helpful. You can find the information notice on the NRC website at: <http://www.nrc.gov/reading-rm/doc-collections/gen-comm/info-notices/1996/in96028.html>.

Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a PEC.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on the apparent violation and any other information that you believe the NRC should take into consideration before making an enforcement decision. The topics discussed during the conference may include: information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any and all corrective actions taken or planned to be taken. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation. The guidance in NRC Information Notice 96-28 may be helpful.

In addition, please be advised that the number and characterization of the apparent violations described in the enclosed inspection report may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter.

The NRC has also determined that, based on the results of this inspection, three Severity Level IV violations of NRC requirements occurred. These violations were evaluated in accordance with the NRC Enforcement Policy. Two of the three Severity Level IV violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report. The two violations are being cited in the Notice because they were identified by the inspector.

The NRC has concluded that information regarding the reasons for the cited violations, the corrective actions taken and planned to correct the violations and prevent recurrence is already adequately addressed on the docket in Inspection Report No. 030-29962/2010-001(DNMS).

Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

The third Severity Level IV violation involves failure to submit a timely license amendment application for authorization to possess radium-226. The possession of this type and quantity of radioactive material not authorized on an NRC license is normally characterized as a Severity Level IV violation in accordance with the NRC Enforcement Policy. Notwithstanding the requirement in Title 10 Code of Federal Regulations (CFR) Section 30.3(c)(2), it is recognized that some entities may not have been aware of the new regulatory requirements. After considering the information developed during the inspection, the NRC has determined that enforcement discretion, in accordance with Enforcement Guidance Memorandum 09-004, is warranted and will not issue a violation for failure to submit a license application on or before March 31, 2009, to include Naturally Occurring and Accelerator Produced Radioactive Material activities.

The NRC has concluded that information regarding the reason for the third Severity Level IV violation, the corrective actions taken to correct the violation and prevent recurrence is already adequately addressed on the docket in Inspection Report No. 030-29962/2010-001(DNMS). Therefore, you are not required to respond to this violation unless the description therein does not accurately reflect your position (pursuant to 10 CFR 2.201). In that case, or if you choose to provide additional information, you should clearly mark your response as a "Reply to an Exercise of Enforcement Discretion, EA-10-107" and send it to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with copies to (1) the Regional Administrator and the Enforcement Officer, Region III; and (2) the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, its enclosures, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website 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.

E. Coustry

-4-

We appreciate your cooperation and will gladly discuss any questions you have concerning this inspection.

Sincerely,

**/RA/ By Patrick L. Loudon Acting
For/**

Steven A. Reynolds, Director
Division of Nuclear Materials Safety

License No.: 24-24954-01

Docket No.: 030-29962

Enclosures:

1. Notice of Violation
2. Inspection Report 030-29962/2010-001(DNMS)

cc w/encls: James Patrick, RSO
State of Missouri

Distribution:
See attached page

E. Coustry

-4-

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**/RA/ By Patrick L. Louden Acting
For/**

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State of Missouri

Distribution:
See attached page

*See previous concurrence

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Letter to Eric Coustry from Steven A. Reynolds dated June 22, 2010

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 030-29962/2010-001(DNMS) AND
NOTICE OF VIOLATION – MIKON CORPORATION

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NOTICE OF VIOLATION

Mikon Corporation
St. Joseph, Missouri

Docket No. 030-29962
License No. 24-24954-01

During a U.S. Nuclear Regulatory Commission (NRC) inspection conducted on May 24 and 25, 2010, violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

1. Condition 21 of NRC License No. 24-24954-01 requires, in part, that the gauge or its container must be locked when in transport, storage, or when not under the direct surveillance of an authorized user.

Contrary to the above, on May 25, 2010, four of the licensee's gauges containing cesium-137 were in storage at the licensee's base facility and they were not locked nor were the transportation cases containing those gauges locked.

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

2. Condition 23 of the license requires, in part, that the licensee conduct its program in accordance with the statements, representations, and procedures contained in the application dated March 4, 2002. Item 10 of the application states, in part, that the licensee implement and maintain the operating and emergency procedures in Appendix H of NUREG-1556, Vol. 1, Rev. 1, dated November 2001. Appendix H of NUREG-1556, Vol. 1, Rev. 1, dated November 2001 states, in part, that the licensee sign out gauges in a log book (that remains at the storage location) including the date(s) of use, name(s) of the authorized users who will be responsible for the gauges, and the temporary job site(s) where the gauges will be used. In addition, Appendix H states, in part, that the licensee log gauges into the daily use log when they are returned to storage.

Contrary to the above, from approximately October 7, 2002, to May 24, 2010, including when gauges were taken to a temporary job site in Missouri on May 17, 2010, and returned to the base facility on May 24, 2010; the licensee did not sign out gauges in a log book (that remained at the storage location) that included the date(s) of use, name(s) of the authorized users who were responsible for the gauges, and the temporary job site(s) where the gauges were used. In addition, during the same period of time, the licensee did not log gauges into the daily use log when it returned them to storage.

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

The NRC has concluded that information regarding the reason for these violations, the corrective actions taken and planned to be taken to correct the violations and prevent recurrence, and the date when full compliance will be achieved, is already adequately addressed on the docket in Inspection Report No. 030-29962/2010-001(DNMS). However, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 if the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation, EA-10-106," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Regional

Administrator, Region III, within 30 days of the date of the letter transmitting this Notice of Violation (Notice).

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, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

If you choose to respond, your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

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

Dated this 22nd day of June 2010.

NUCLEAR REGULATORY COMMISSION

REGION III

Docket No.: 030-29962

License No.: 24-24954-01

Report No.: 030-29962/2010-001(DNMS)

EA Nos.: EA-10-106
EA-10-107

Licensee: Mikon Corporation

Location: 4414 B South 40th Street
St. Joseph, Missouri

Dates: May 24 through 25, 2010

Exit Meeting: May 25, 2010

Inspector: Robert G. Gattone, Jr.
Senior Health Physicist

Reviewed By: Tamara E. Bloomer, Chief
Materials Inspection Branch

EXECUTIVE SUMMARY

**Mikon Corporation
St. Joseph, Missouri
Inspection Report 030-29962/2010-001(DNMS)**

During a routine inspection, the inspector identified an apparent violation involving failure to use a minimum of two independent physical controls that formed tangible barriers to secure portable gauges from unauthorized removal whenever the gauges were not under the control and constant surveillance of the licensee. In addition, the inspector identified three violations that involve failure to: (1) ensure that gauges or their containers were locked when in storage; (2) use a daily gauge use log; and (3) submit a timely license amendment application for authorization to possess radium-226.

The inspector determined that the cause of the apparent violation was the licensee's misunderstanding of the requirement. Specifically, the licensee's Radiation Safety Officer (RSO) believed that the lock on the gauge case constituted a second barrier to prevent removal of the gauge. The inspector determined that the cause of the violation associated with failing to ensure that gauges or their containers were locked when in storage was that authorized users forgot to lock the gauges or their containers when they were placed in storage. The cause of the violation associated with failing to use a daily gauge use log was because a licensee staff member misinterpreted the requirement. Specifically, the staff member misinterpreted that use of the log book was not required if the gauges remained in vehicles when they were stored at the base storage location. The cause of the violation associated with failing to submit a timely license amendment application for authorization to possess radium-226 was that the licensee's RSO did not notice U.S. Nuclear Regulatory Commission (NRC) correspondence about NRC's regulation of the possession and use of discrete sources of radium-226. Therefore, the licensee was unaware of the March 31, 2009, deadline for amending its NRC license to authorize possession and use of a gauge containing a radium-226 source.

The licensee's corrective actions to prevent similar violations included: (1) chain-locking the transportation cases containing the gauges within a locked metal box affixed to the vehicles such that, if the locked metal box is broken into, the chain-lock would provide a second barrier to prevent gauge removal; (2) committing to verify that the transportation cases containing portable gauges are chain-locked within the locked metal boxes affixed to all vehicles whenever they are stored in vehicles; (3) assessing the convenience of using the chain-lock within the metal box and, if it is deemed convenient, continue using it; however, if it is deemed inconvenient, try using an alternative second barrier; (4) installing and using new locks on the gauge containers that operate with the same key, including extra ones, to prevent authorized users from cutting the gauge container locks in the field because they don't have the correct key and subsequently forgetting to lock the gauge containers when they return them to storage at the base facility; (5) committing to verify that all gauges or their containers are locked when in storage when conducting gauge leak tests every 6 months; (6) committing to begin using the daily use log on the next use of a gauge; (7) committing to train all applicable staff on using the daily use log; (8) planning to develop a process for the RSO to monitor future compliance with the daily use log requirement; (9) submitting a license amendment request to authorize possession of a radium-226 gauge; and (10) planning to implement a policy to prohibit acquisition of additional radioactive material.

Report Details

1 Program Scope and Inspection History

The U.S. Nuclear Regulatory Commission (NRC) License Number 24-24954-01 (license) authorized Mikon Corporation (licensee) to possess and use portable gauges (gauges) containing americium-241 and cesium-137. The licensee possessed approximately 23 gauges. The gauges were used to take physical measurements, such as moisture content and density at temporary job sites where the NRC maintained jurisdiction for regulating the use of licensed material.

No violations of NRC regulatory requirements were cited as a result of the previous two NRC inspections conducted on August 25, 2008, and November 4, 2003.

2 Security of Licensed Material

2.1 Inspection Scope

The inspector reviewed how the licensee secured licensed material from unauthorized access by interviewing selected licensee staff, including the RSO and selected authorized users; observing how licensed material was secured in a storage cabinet at the base facility; observing how licensed material was secured in a vehicle that had just returned to the base facility from a temporary job site; observing how licensed material was secured within vehicles parked at the base storage facility; and observing an authorized user demonstrate how licensed material was secured in vehicles parked at temporary jobsites.

2.2 Observations and Findings

a. Security at Temporary Job Sites

On several occasions until approximately April 13, 2010, the licensee stored gauges containing licensed material at temporary job sites in Missouri and only one independent physical control was used to secure the gauges from unauthorized removal when they were not under the control and constant surveillance of the licensee. For example, on June 29, 2009, two gauges, each containing cesium-137, were stored at a temporary job site in Missouri City, Missouri, and the gauges were inside of their locked transportation cases within a locked metal box affixed to a vehicle and not always under constant surveillance by the licensee. Therefore, if the locked metal box was broken into, the cases containing the gauges could be stolen. In addition, from June 30 through July 1, 2009, two gauges, each containing cesium-137, were secured the same way at a temporary jobsite in Independence, Missouri and they were not always under constant surveillance by the licensee.

Title 10 Code of Federal Regulations (CFR) Section 30.34(i) requires that each portable gauge licensee use a minimum of two independent physical controls that form tangible barriers to secure portable gauges from unauthorized removal whenever the gauges are not under the control and constant surveillance of the licensee. The licensee's failure to use a minimum of two independent physical controls that formed tangible barriers to secure portable gauges from

unauthorized removal whenever the gauges were not under the control and constant surveillance of the licensee on several occasions until approximately April 13, 2010, is an apparent violation of 10 CFR 30.34(i).

The inspector determined that the root cause of the violation was the licensee's misunderstanding of the requirement. Specifically, the RSO believed that the lock on the gauge case constituted a second barrier to prevent removal of the gauge until the licensee was inspected by the Minnesota Department of Health (MDH) on April 13, 2010. During the April 13, 2010 inspection, MDH identified that the licensee failed to use two independent physical controls that formed tangible barriers to secure portable gauges from unauthorized removal whenever the gauges were not under the control and constant surveillance of the licensee at temporary jobsites in Minnesota. Specifically, the licensee stored gauges at a temporary jobsite in Minnesota and the gauges were inside of their locked transportation cases within a locked metal box affixed to a vehicle and not always under constant surveillance by the licensee. Therefore, if the locked metal box was broken into, the cases containing the gauges could be stolen.

In response to MDH's finding, the licensee implemented corrective actions that included chain-locking the transportation cases containing the gauges within the locked metal box affixed to the vehicles such that, if the locked metal box is broken into, the chain-lock would provide a second barrier to prevent gauge removal. During the NRC inspection, the inspector observed two authorized users return to the base facility from a temporary jobsite in Missouri with two portable gauges that were chain-locked within the locked metal box affixed to the vehicle. In addition, the inspector observed a different authorized user demonstrate how he had recently stored two portable gauges at a temporary job site in Missouri by chain-locking them within the locked metal box affixed to the vehicle. The RSO stated that, by May 26, 2010, he would verify that the transportation cases containing portable gauges are chain-locked within the locked metal boxes affixed to all vehicles whenever they are stored in vehicles such that, if the locked metal box is broken into, the chain-lock would provide a second barrier to prevent gauge removal. In addition, the RSO stated that he would assess the convenience of using the chain-lock within the metal box and, if it is convenient, he will continue using it. However, if he determines that it is inconvenient, he will try an alternative second barrier.

b. Security at Base Facility

On May 25, 2010, the inspector observed that four of the licensee's gauges containing cesium-137 were stored at the licensee's base facility and they were not locked nor were the transportation cases containing those gauges locked to prevent unauthorized or accidental removal of the sealed source from its shielded position.

Condition 21 of NRC License No. 24-24954-01 (license) requires, in part, that the gauge or its container must be locked when in transport, storage, or when not under the direct surveillance of an authorized user. The licensee's failure to ensure that four of its gauges or their containers were locked when in storage is a violation of Condition 21 of the license.

The inspector determined that the root cause of the violation was that authorized users forgot to lock the gauges or their containers when they were placed in storage. As corrective action, the RSO committed to install and use new locks on the gauge containers that operate with the same key, including extra ones, to prevent authorized users from cutting the gauge container locks in the field because they don't have the correct key and subsequently forgetting to lock the gauge containers when they return them to storage at the base facility. On May 27, 2010, the licensee notified the inspector that all of the gauge containers were now locked. In addition, the RSO committed to verify that all gauges or their containers are locked when in storage when conducting gauge leak tests every 6 months.

The inspector observed that the licensee secured licensed material in accordance with 10 CFR 30.34(i) when gauges were stored in vehicles containing portable gauges at the licensee's base facility. In addition, the inspector observed that the licensee secured licensed material in accordance with 10 CFR 30.34(i) when gauges were stored inside of the licensee's base facility.

2.3 Conclusions

The inspector identified an apparent violation involving failure to use a minimum of two independent physical controls that formed tangible barriers to secure portable gauges from unauthorized removal whenever the gauges were not under the control and constant surveillance of the licensee. In addition, the inspector identified a violation of Condition 21 of the license involving failure to ensure that gauges or their containers were locked when in storage. The licensee implemented corrective actions to prevent similar violations.

3 **Inventory Control**

3.1 Inspection Scope

The inspector reviewed the licensee's inventory control of licensed material by touring selected licensee facilities, interviewing selected licensee staff, reviewing selected records, and observing the RSO conduct a physical inventory of gauges located at the licensee's base facility.

3.2 Observations and Findings

The inspector noted that, from approximately October 7, 2002, to May 24, 2010, including when gauges were taken to a temporary job site in Missouri on May 17, 2010, and returned to the base facility on May 24, 2010; the licensee did not sign out gauges in a log book (that remained at the storage location) that included the date(s) of use, name(s) of the authorized users who were responsible for the gauges, and the temporary job site(s) where the gauges were used. In addition, the inspector noted that, during the same period of time, the licensee did not log gauges into the daily use log when it returned them to storage.

Condition 23 of the license requires, in part, that the licensee conduct its program in accordance with the statements, representations, and procedures contained in the

application dated March 4, 2002. Item 10 of the application states, in part, that the licensee implement and maintain the operating and emergency procedures in Appendix H of NUREG-1556, Vol. 1, Rev. 1, dated November 2001. Appendix H of NUREG-1556, Vol. 1, Rev. 1, dated November 2001 states, in part, that the licensee sign out gauges in a log book (that remains at the storage location) including the date(s) of use, name(s) of the authorized users who will be responsible for the gauges, and the temporary job site(s) where the gauges will be used. In addition, Appendix H states, in part, that the licensee log gauges into the daily use log when they are returned to storage. The licensee's failure to sign out gauges in a log book (that remains at the storage location) including the date(s) of use, name(s) of the authorized users who will be responsible for the gauges, and the temporary job site(s) where the gauges will be used; and log gauges into the daily use log when they are returned to storage is a violation of Condition 23 of the license.

The licensee stopped using a daily use log on or about October 7, 2002, because a licensee staff member misinterpreted the requirement. Specifically, the staff member misinterpreted that use of the log book was not required if the gauges remained in vehicles when they were stored at the base storage location. As corrective action, the licensee committed to begin using the daily use log on the next use of a gauge. In addition, the licensee committed to train all applicable staff on using the daily use log. As long-term corrective action, the licensee planned to develop a process for the RSO to monitor future compliance with the requirement.

The inspector observed that the licensee possessed each gauge listed on its latest inventory record. The inspector noted that the licensee possessed a gauge containing radium-226 since before March 31, 2009; however, the license had not requested a license amendment for possession of radium-226.

The Energy Policy Act of 2005 (EPAct) expanded the definition of byproduct material to include Naturally Occurring and Accelerator Produced Radioactive Materials (NARM) and placed the material under the NRC's jurisdiction. In accordance with the EPAct, the NRC issued a waiver on August 31, 2005, allowing the continued use and possession of NARM while the NRC developed a regulatory framework for the regulation of the new byproduct material. On October 1, 2007, the NRC published a Federal Register Notice informing licensees of amendments to the NRC's regulation regarding the possession and use of NARM. On March 18, 2008, the NRC published a Notice of Waiver Termination for licensees in the State of Missouri which stated, in part, that the NRC was terminating the waiver for persons possessing accelerator-produced radioactive material or discrete sources of radium-226 on September 30, 2008. The Notice further stated that the final rule allowed an additional six month period from the effective date of the final rule for existing NRC licensees to apply for a license amendment (i.e., March 31, 2009). 10 CFR 30.3(c)(2) requires, in part, that licensees who possess discrete sources of radium-226 for which a license amendment is required may continue to possess and use the material until the date of the NRC's final licensing determination, provided that the person submits a license amendment application within 6 months from the early waiver termination date of September 30, 2008, for Missouri licensees (i.e., March 31, 2009). The licensee's failure to submit a license amendment application for possession of radium-226 by March 31, 2009, is a violation of 10 CFR 30.3(c)(2).

The violation occurred because the licensee's RSO did not notice NRC correspondence about NRC's regulation of the possession and use of discrete sources of radium-226.

Therefore, the licensee was unaware of the March 31, 2009, deadline for amending its NRC license to authorize possession and use of radium-226. As corrective action, on May 26, 2010, the licensee submitted a license amendment request to authorize possession of the gauge containing radium-226. In addition, the licensee planned to implement a policy to prohibit acquisition of additional radioactive material.

3.3 Conclusions

The inspector identified violations involving licensee failure to use a daily gauge use log and failure to submit a timely license amendment application for authorization to possess radium-226. The licensee committed to implement corrective actions to prevent similar violations.

4 **Other Areas Inspected**

4.1 Inspection Scope

The inspector reviewed other areas of the licensee's radiation protection program by interviewing selected staff, observing licensed activities, observing demonstrations of how licensed activities had been or would be conducted based on scenarios posed by the inspector, and reviewing selected records. Areas reviewed included personnel exposure to radiation, compliance with Department of Transportation requirements, use of hole casing, staff training, and leak testing.

4.2 Observations and Findings

The licensee used personnel dosimeters to monitor radiation exposure of authorized users. The authorized users wore appropriate dosimeter badges and they knew they must only wear their own badges. The badges were processed monthly and the results were well below regulatory limits. Based on the inspector's independent ambient exposure rate surveys of selected areas with an NRC survey instrument, the licensee used time, distance, and shielding to keep radiation doses as low as reasonably achievable.

The licensee used required packages that were marked and labeled as required to transport licensed material. The licensee used shipping papers that contained required information. In addition, the shipping papers were properly stowed.

Based on interviews with selected licensee staff, the licensee used surface casing when unshielded sources were extended more than 3 feet below the surface. The surface casing extended about 2 feet above the surface. The RSO stated that no sources had been stuck down hole. The RSO knew the required response to sources stuck down hole.

Based on review of selected training records and interviews of selected staff, the authorized users received required training. In addition, the licensee maintained records of authorized users and their training accomplishments.

The licensee collected leak test samples of its gauges at the required frequency. The leak test samples were analyzed by an authorized firm. The leak test records indicated no leaking sources.

4.3 Conclusions

The licensee effectively implemented other areas of its radiation safety program.

5 **Exit Meeting**

At the completion of the onsite inspection, the inspector discussed the preliminary inspection findings in this report with licensee management during an onsite exit meeting on May 25, 2010. The licensee did not identify any information reviewed during the inspection and proposed for inclusion in this report as proprietary in nature. A final telephone exit meeting was conducted on June 17, 2010.

Partial List of Persons Contacted

- Eric Coustry, President
- * Bryan Davis, Authorized User
- Dave Kramer, Vice President
- William Morton, Authorized User
- Jesse Parrish, Authorized User
- *# James Patrick, Radiation Safety Officer

* Attended the onsite exit meeting

Participated in the telephone exit meeting on June 17, 2010