

July 29, 2010

EA-10-134

Mr. Terry Wilkins, President
Mid American Inspection Services, Inc.
P.O. Box 1427
Gaylord, Michigan 49734

SUBJECT: NRC INSPECTION REPORT NO. 030-31160/2010-002(DNMS) AND NOTICE
OF VIOLATION – MID AMERICAN INSPECTION SERVICES, INC.

Dear Mr. Wilkins:

On June 23 and 25, 2010, the U.S. Nuclear Regulatory Commission (NRC) conducted an inspection at the Mid American Inspection Services, Inc. facility in Gaylord, Michigan, and two temporary job sites, one in Gaylord, Michigan and one in Manistee, Michigan, with continuing NRC in-office review through June 29, 2010. The continuing NRC in-office review was to further review your policies and procedures concerning the radioactive material quantities of concern as identified during the inspection.

The inspection examined activities conducted under your license as they relate to safety and security and compliance with the Commission's rules and regulations. 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 NRC Enforcement Policy. The current Enforcement Policy is included on the NRC website at: <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The apparent violation involved security-related failures. The circumstances surrounding the apparent violation, the significance of the issue and the need for lasting and effective corrective action was discussed with you at a telephonic exit meeting on June 29, 2010.

In addition, since your facility has not been the subject of escalated enforcement actions within the past 2 years, or last two inspections, and based on our understanding of your corrective action, 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.

Enclosure Contains Sensitive Unclassified Non-Safeguards Information. When separated from enclosure, this transmittal letter is decontrolled.

T. Wilkins

- 2 -

However, before the NRC makes its enforcement decision, we are providing you an opportunity to: (1) respond to the apparent violation addressed in this inspection report within 30 days of the date of this letter; or (2) request a Predecisional Enforcement Conference (PEC). If a PEC is held, the conference will be closed to public observation since Security-Related Information will be discussed. Please contact Tamara E. Bloomer at 630-829-9627 within 7 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. 030-31160/2010-002(DNMS); EA-10-134" 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) 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. 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 the 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-notice/1996/in96028.html>.

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 corrective actions taken or planned to be taken.

In addition, please be advised that the number and characterization of the apparent violation 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.

Based on the results of this inspection, the NRC has also determined that a Severity Level IV violation of NRC requirements occurred. The violation involved security related failures. The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report. The violation is being cited because it was identified by the NRC.

The NRC has concluded that information regarding the reason for the Severity Level IV violation, the corrective actions taken and planned to correct the violation and prevent recurrence is already adequately addressed on the docket in Inspection Report No. 030-31160/2010-002(DNMS). Therefore, you are not required to respond to the Notice unless the description herein 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.

In accordance with Title 10 Code of Federal Regulations (CFR) 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management

T. Wilkins

- 3 -

System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. However, because of the security-related information contained in the enclosures, and in accordance with 10 CFR 2.390, a copy of this letter's enclosures will not be available for public inspection.

Additionally if you choose to respond in writing, please mark your entire response "Security Related Information – Withhold from Public Disclosure under 10 CFR 2.390." In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response to this letter. However, to the extent possible, your response should not include any personal privacy, proprietary, or safeguards information.

If you have any questions concerning this matter, please contact Tamara E. Bloomer of my staff at 630-829-9627.

Sincerely,

/RA/

Patrick L. Loudon, Acting Director
Division of Nuclear Materials Safety

Docket No. 030-31160
License No. 21-26060-01

Enclosures:

1. Notice of Violation (Security-Related Information)
2. Inspection Report 030-31160/2010-002(DNMS) (Security-Related Information)

cc w/encls: State of Michigan

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Cc w/encls: State of Michigan

Distribution w/encls:

See attached page.

*See previous concurrence

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