UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

February 15, 2011

EA 11-017
Arnold W.F. Leong, President
Field Services
P.O. Box 759
Hanapepe, Kauai, Hawaii 96716

SUBJECT: NRC INSPECTION REPORT 030-17298/2010-001 AND NOTICE OF VIOLATION

Dear Mr. Leong:

This refers to the inspection conducted on October 15, 2010, with in-office review through February 10, 2011, at your facility in Lihue, Kauai, Hawaii. The inspection was an examination of activities conducted under your license as it relates to safety and security and in compliance with the Commission's rules and regulations and the conditions of the license. Within these areas, the inspection consisted of selected examination of procedures and representative records and interviews with personnel. Preliminary inspection findings were discussed with you at the conclusion of the onsite portion of the inspection. A final exit briefing was conducted with you telephonically on February 10, 2011.

Based on the results of this inspection, the NRC has determined that one Severity Level IV violation of NRC requirements occurred. This violation involved the failure to notify the NRC prior to a change in licensed activities. This violation was evaluated in accordance with the NRC Enforcement Policy, included on the NRC's website at http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html. The violation is cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding it are described in the subject Notice. This violation is being cited in the Notice because it was identified by the NRC, rather than being self-identified by the licensee.

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence, and the date when full compliance was achieved is already adequately addressed on the docket in a license amendment request from you dated October 19, 2010 (ADAMS ML110140584). Therefore, you are not required to respond to this letter 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 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, Enclosure 1, 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 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 or proprietary information so that it can be made available to the public without redaction.

Should you have any questions concerning this inspection, please contact James Thompson at 817-276-6538 or the undersigned at 817-860-8287.

Sincerely,

/RA/

Vivian H. Campbell, Chief
Nuclear Materials Safety Branch A

Docket: 030-17298
License: 53-19305-01

Enclosure:
Notice of Violation (Notice)

cc w/enclosure:
Hawaii Radiation Control Program Director

Internal distribution via e-mail:
E. Collins, RA
R. Caniano, D:DNMS
C. Cain, DD:DNMS
V. Campbell, Chief, NMSB-A
J. Whitten, Chief, NMSB-B
M. Herrera, Fee Coordinator
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ADAMS	☐ No	☒ Yes	☐ SUNSI Review Complete	Reviewer Initials: JLT
		☒ Publicly Available	☒ Nonsensitive	
		☐ Nonpublicly Available	☐ Sensitive	

RIV:DNMS/NMSB-A	C:DNMS/NMSB-A			
JLThompson	VHCampbell			
/RA/	***/RA/***			
02/14/2011	02/14/2011			

OFFICIAL RECORD COPY T=Telephone E=E-mail F=Fax

NOTICE OF VIOLATION

Field Services
Lihue, Hawaii

Docket No: 030-17298
License No: 53-19305-01

During an NRC inspection conducted on October 15, 2010, one violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

> Condition 10 of NRC License 53-19305-01, Amendment 3, stated in part, that radioactive material shall be used [stored] only at 3744 Akea Road, Hanapepe, Hawaii.
>
> Contrary to the above, the licensee changed the storage location of licensed radioactive material from the location stipulated in Condition 10 of NRC License 53-19305-01, Amendment 3, without notifying the NRC of this change. Specifically, the licensee changed the storage location in October 2006 from 3744 Akea Road, Hanapepe, to 2824 Wehe Road, Lihue, without notifying the NRC, and receiving a license amendment prior to this change. The licensee was issued Amendment 4 to NRC License 53-19305-01 on January 12, 2011, reflecting this change in storage location.

This is a Severity Level IV violation (Violation Example 6.3)

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to be taken to correct the violation and prevent recurrence, and the date when full compliance was achieved, is already adequately addressed on the docket in a license amendment request from you dated October 19, 2010 (ADAMS ML110140584). 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, 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 IV, within 30 days of the date of the letter transmitting this Notice.

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 document system (ADAMS), accessible from the NRC's Web site at www.nrc.gov/reading-rm/pdr.html or 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 15th day of February 2011

ENCLOSURE