

October 29, 2012

EA-12-211

Mr. Dan Larson, President
American Engineering Testing, Inc.
550 Cleveland Avenue North
St. Paul, Minnesota 55114

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03034637/2012002(DNMS) AND
NOTICE OF VIOLATION – AMERICAN ENGINEERING TESTING, INC.

Dear Mr. Larson:

On August 21, 2012, with continuing in-office review through October 12, 2012, a U.S. Nuclear Regulatory Commission (NRC) inspector conducted a routine inspection of your facility located in Gary, Indiana. The purpose of the inspection was to determine whether activities authorized under your license were conducted safely and in accordance with NRC requirements. The in-office review included determination of the circumstances and significance of the issues identified during the inspection. The enclosed report presents the results of this inspection.

During this inspection, the NRC staff examined activities conducted under your license as they relate to public health and safety, compliance with the Commission's rules and regulations, and compliance with the conditions of your license. Within these areas, the inspection consisted of 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 is security related and is described in the enclosed, non-public, inspection report.

The circumstances surrounding this apparent violation, the significance of the issues, and the need for lasting and effective corrective action were discussed with your staff during the telephonic exit meeting on October 15, 2012. As a result, it may not be necessary to conduct a pre-decisional 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 action, a civil penalty may not be warranted in accordance with Section 2.3.4 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 1 and 2 contain Sensitive Unclassified Non-Safeguards Information. When separated from the enclosures, this transmittal document is decontrolled.

D. Larson

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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 PEC is held, the NRC will issue a press release to announce the time and date of the conference; however, it will be closed to public observation since Security Related Information will be discussed.

Please contact Tamara Bloomer at 630-829-9627 within ten 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 "Response to the Apparent Violation in Inspection Report No. 03034637/2012002(DNMS); EA-12-211," 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. Your response may reference or include previous 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.

In addition, if you choose to provide a written response to the apparent violation, please mark your entire response "Security Related Information – Withhold from Public Disclosure under 10 CFR 2.390." In accordance with Title 10 of the Code of Federal Regulations (CFR), Section 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 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 the following: 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 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.

In addition, please be advised that the number and characterization of apparent violations 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 one Severity Level IV violation of NRC requirements occurred. The violation is security-related in nature. The violation was evaluated in accordance with the NRC Enforcement Policy. The violation is cited in the enclosed Non-Public Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the Non-Public inspection report. The violation is being cited because it was identified by the inspector.

D. Larson

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For the security Level IV violation, you are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 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 System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. However, Enclosures 1 and 2 to this letter contain Security Related Information; its disclosure to unauthorized individuals could present security vulnerability. Therefore, the enclosures will not be made available electronically for public inspection. The enclosures to this letter must be protected from unauthorized disclosure in accordance with Section IC-6 of Attachment B, to NRC Order EA 05-090.

Please feel free to contact Mr. Bill Lin of my staff if you have any questions concerning this inspection. You can reach Mr. Lin at 630-892-9829.

Sincerely,

/RA/

Anne T. Boland, Director
Division of Nuclear Materials Safety

Docket No. 030-34637
License No. 22-20271-02

Enclosures:

1. Notice of Violation (Non-Public)
2. Inspection Report No. 03034637/2012002(DNMS)
(Non-Public)

cc w/encls: State of Indiana
Gregory Owens, Radiation Safety Officer (RSO)

D. Larson

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We will gladly discuss any questions you have concerning this inspection.

Sincerely,

/RA/

Anne T. Boland, Director
Division of Nuclear Materials Safety

Docket No. 030-34637
License No. 22-20271-02

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cc w/encls: State of Indiana
Gregory Owens,
Radiation Safety Officer (RSO)

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See next page

*see previous concurrence

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