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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 E. LAMAR BLVD.
ARLINGTON, TX 76011-4511

May 25, 2016

EA-16-034

Mr. John P. Jobe
President
Materials Integrity, Inc.
P.O. Box 221051
Anchorage, AK 99522-1051

SUBJECT: NRC INSPECTION REPORT 030-35951/2015-001

Dear Mr. Jobe:

This letter refers to the routine, unannounced inspection conducted on July 14, 2015, at your storage facility located in Fairbanks, Alaska. The purpose of the inspection was to determine whether activities authorized under your license were conducted safely and in accordance with the U.S. Nuclear Regulatory Commission (NRC) requirements. The enclosed report presents the results of this inspection. The inspector discussed the preliminary inspection findings with you at the conclusion of the on-site portion of the inspection. A telephonic exit briefing was conducted with you on May 10, 2016.

Based on the results of this inspection, two apparent violations were identified and are being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The apparent violations involved the security requirements found in Title 10 of the *Code of Federal Regulations* (CFR) Part 37. The circumstances surrounding these apparent violations, the significance of the issues and the need for lasting and effective corrective actions were discussed with you at the telephonic exit briefing.

Since the NRC has not made a final determination in this matter, a Notice of Violation is not being issued for these inspection findings at this time. In addition, please be advised that the number and characterization of apparent violations described in the enclosed inspection report may change as a result of further NRC review.

Before the NRC makes its enforcement decision, we are providing you an opportunity to either: (1) respond to the apparent violations 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 NRC will issue a meeting notice to announce the time and date of the conference; however, the PEC will be closed for public observation since security-related information will be discussed and the report has not been made public. If you decide to participate in a PEC, please contact Mr. Ray Kellar at 817-200-1191 within 10 days of the date of this letter to notify us of your intentions. A PEC should be held within 30 days of the date of this letter.

**The Enclosure contains Sensitive Unclassified Non-Safeguards Information.
When separated from the Enclosure, this letter is decontrolled.**

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If you choose to provide a written response, it should be clearly marked as a "Response to Apparent Violations in NRC Inspection Report 030-35951/2015-001; EA-16-034" and should include for each 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; and (4) the date when full compliance will be achieved. Your response may reference or include previously docketed correspondence, if the correspondence adequately addresses the required response.

Additionally, your response should be sent to the NRC's Document Control Center, with a copy mailed to Mr. Mark Shaffer, Director, Division of Nuclear Materials Safety, Region IV, 1600 East Lamar Blvd., Arlington, Texas 76011-4511, within 30 days of the date of this letter. 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.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on these matters and any other information that you believe the NRC should take into consideration before making an enforcement decision. The decision to hold a PEC does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference would be conducted to obtain information to assist the NRC in making an enforcement decision.

The topics discussed during the PEC 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. In presenting your corrective action, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violations. 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>. Following the PEC, you will be advised by separate correspondence of the results of our deliberations on this matter.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or in the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

However, the material enclosed herewith contains Security-Related Information in accordance with 10 CFR 2.390(d)(1) and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosures will not be made available electronically for public inspection in the NRC's Public Document Room or from the NRC's ADAMS.

If you choose to provide a response and Security-Related Information is necessary to provide an acceptable response, please mark your entire response "Security-Related Information" and follow the instructions for withholding in 10 CFR 2.390(b)(1). If Safeguards Information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21.

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In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

If you have any questions concerning this matter, please contact Ms. Michelle Simmons, of my staff, at 817-200-1590.

Sincerely,

/RA/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

Docket: 030-35951
License: 50-27722-01

Enclosure:
NRC Inspection Report 030-35951/2015-001
w/Attachment: Supplemental Information

cc: Clyde E. Pearce, Chief
Radiological Health Program
Section of Laboratories
State of Alaska/DH&SS
5455 Dr. Martin Luther King, Jr., Ave.
Anchorage, AK 99507-1270

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In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

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Sincerely,

/RA/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

Docket: 030-35951
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Enclosure:
NRC Inspection Report 030-35951/2015-001
w/Attachment: Supplemental Information

cc: Clyde Pearce, Chief, Rad. Health Program
Department of Environmental Conservation
555 Cordova St.
Anchorage, AK 99501

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ADAMS ACCESSION NUMBER: ML16119A450

Entire Report: <input checked="" type="checkbox"/> SUNSI Review By: MRS5		<input type="checkbox"/> Non-Sensitive <input checked="" type="checkbox"/> Sensitive	<input type="checkbox"/> Publicly Available <input checked="" type="checkbox"/> Non-Publicly Available		Keyword: NRC-002 MD 3.4 Non-Public A.3
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SIGNATURE	/RA/	/RA/	/RA/	/RA/	/RA/
DATE	04/15/16	05/04/16	05/19/16	05/20/16	05/25/16

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