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UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV
1600 E. LAMAR BLVD.
ARLINGTON, TX 76011-4511

July 20, 2016

EA-16-034

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

SUBJECT: NOTICE OF VIOLATION AND 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 facility in Fairbanks, Alaska, with continued in-office review through May 10, 2016. This inspection examined activities conducted under your license as they relate to public health and safety, and to compliance with the U.S. Nuclear Regulatory Commission's (NRC's) rules and regulations and with the conditions of your license. The preliminary inspection findings were discussed with you at the conclusion of the onsite portion of the inspection and during a telephone call on May 10, 2016. The results of the inspection and details regarding the apparent violations were provided to you in NRC Inspection Report 030-35951/2015-001 (Agencywide Documents Access and Management System (ADAMS) ML16146A732) dated May 25, 2016.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violations by attending a predecisional enforcement conference or by providing a written response before we made our final enforcement decision. By letter dated June 20, 2016, you provided a response to the apparent violations. Because your letter contains Security-Related Information, it is not publicly available in ADAMS.

Based on the information developed during the inspection and the information that you provided in your June 20, 2016, letter, the NRC has determined that violations of NRC requirements occurred. These 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 violations were evaluated in accordance with the NRC Enforcement Policy, which is included on the NRC's Web site at <http://www.nrc.gov/about-rc/regulatory/enforcement/enforce-pol.html>. Because of the potential consequence associated with the violations, the violations have been categorized as an escalated enforcement action in accordance with the NRC Enforcement Policy.

The enclosure contains Sensitive Unclassified Non-Safeguards Information. When separated from the enclosure, the transmittal document is decontrolled.

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In accordance with the NRC Enforcement Policy, a base civil penalty is considered for an escalated enforcement action. However, because your facility has not been the subject of escalated enforcement actions within the last 2 years, the NRC considered whether credit was warranted for Corrective Action in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. The NRC has determined that credit is warranted for your prompt and comprehensive actions. Your corrective actions were described in NRC Inspection Report 030-35951/2015-001, and your letter dated June 20, 2016.

Therefore, to encourage prompt and comprehensive correction of violations, and in recognition of the absence of previous escalated enforcement action, I have been authorized, after consultation with the Director, Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty. In addition, the violations listed in the Notice constitute escalated enforcement action that may subject you to increased inspection effort.

The NRC has concluded that information regarding: (1) the reason for the violations; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in NRC Inspection Report 030-35951/2015-001, and your letter dated June 20, 2016. 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.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be made available for public inspection in the NRC's Public Document Room or from the NRC's ADAMS, accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. However, the enclosure 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 enclosure 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 respond to this letter and Security-Related Information is necessary to provide a response, please mark your entire response "Security-Related Information – Withhold from Public Disclosure Under 10 CFR 2.390" in accordance with 10 CFR 2.390(d)(1) and follow the instructions for withholding in 10 CFR 2.390(b)(1). In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response.

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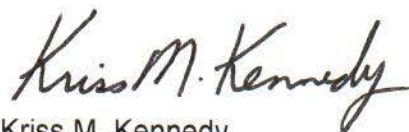
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Should you have any questions regarding this matter, please contact Mr. Ray Kellar, Chief, Nuclear Materials Safety Branch A at 817-200-1191.

Sincerely,



Kriss M. Kennedy
Regional Administrator

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

Enclosure: Notice of Violation

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