



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

August 24, 2016

EA-16-051

Mr. Brent Berg, President
Power Resources, Inc.
550 North Poplar Street, Suite 100
Casper, WY 82601

SUBJECT: NRC INVESTIGATION REPORT 4-2014-034

Dear Mr. Berg:

This letter refers to the investigation conducted by the U.S. Nuclear Regulatory Commission's (NRC) Office of Investigations (OI) at Power Resources, Inc.'s North Butte satellite facility located in Campbell County, Wyoming. The purpose of the investigation was to determine whether willful violations of NRC requirements occurred at the North Butte satellite facility. The investigation covered the period of June 27, 2014, through February 25, 2016. The preliminary findings were discussed with Doug Pavlick, General Manager US Operations; Mike Thomas, Safety, Health, and Environment Quality Director; and other members of your staff during a telephone conversation on August 23, 2016. A factual summary of the investigation is provided as Enclosure 1. A summary of the apparent violations is provided as Enclosure 2.

Based on the results of the investigation, four apparent violations were identified and are being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is available on the NRC Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The apparent violations involve failures to: (1) perform contamination surveys of personnel exiting a restricted area, (2) maintain accurate records of contamination exit surveys, (3) perform hazardous awareness training, and (4) ensure that a member of the health physics department performed a free-release contamination survey of equipment. In addition, based on OI's investigative results, the NRC is concerned that willfulness may be associated with the apparent violation involving the failure to maintain accurate records of contamination exit surveys.

Before the NRC makes its enforcement decision, we are providing you an opportunity to: (1) respond to the apparent violations addressed in this letter within 30 days of the date of this letter, (2) request a pre-decisional enforcement conference (PEC), or (3) request alternative dispute resolution (ADR). If a PEC is held, the NRC may issue a press release to announce the time and date of the conference; however, the PEC will be closed to public observation since information related to an Office of Investigations' report will be discussed. If you decide to participate in a PEC or pursue ADR, please contact Jack Whitten, Chief, Fuel Cycle and Decommissioning Branch, at 817-200-1197, within 10 days of the date of this letter. A PEC should be held within 30 days and an ADR session within 45 days of the date of this letter.

If you choose to provide a written response, it should be clearly marked as a "Response to Apparent Violations: EA-16-051," 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 U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Director, Division of Nuclear Materials Safety, U.S. Nuclear Regulatory Commission, Region IV, 1600 East Lamar Blvd., Arlington, TX 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 or schedule a PEC.

If you choose to request a PEC, the meeting will be held in our offices in Arlington, Texas. The conference will afford you an 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 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 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 violations. The guidance provided 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://pbadupws.nrc.gov/docs/ML0612/ML061240509.pdf>.

In lieu of a PEC, you may request ADR with the NRC in an attempt to resolve this issue. Alternative dispute resolution is a general term encompassing various techniques for resolving conflicts using a neutral third party. The technique that the NRC has decided to employ is mediation. Mediation is a voluntary, informal process in which a trained mediator works with parties to help them reach resolution. If the parties agree to use ADR, they select a mutually agreeable mediator who has no stake in the outcome and no power to make decisions. Mediation gives parties an opportunity to discuss issues, clear up misunderstandings, be creative, find areas of agreement, and reach a final resolution of the issues.

Additional information concerning the NRC's program can be obtained at <http://www.nrc.gov/about-nrc/regulatory/enforcement/adr.html>. The Institute on Conflict Resolution at Cornell University has agreed to facilitate the NRC's ADR program. Please contact the Institute on Conflict Resolution at 877-733-9415 within 10 days of the date of this letter, if you are interested in pursuing resolution of this issue through ADR.

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. You will be advised by separate correspondence of the results of our deliberations on this matter.

In accordance with Title 10 Code of Federal Regulations 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter and its enclosures, and your response if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room and from 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>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

If you have any questions concerning this matter, please contact Mr. Jack Whitten at 817-200-1197.

Sincerely,

/RA by LLHowell Acting for/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

Docket No. 040-08964

License No. SUA-1548

Enclosures:

1. Factual Summary
2. Summary of Apparent Violations

cc w/enclosures:

Mr. Robin Jones, Land Quality Division
Wyoming Department of Environmental Quality
200 W. 17th Street, Suite 200
Cheyenne, WY 82002

Mr. Ryan Schierman, Land Quality Division
Wyoming Department of Environmental Quality
200 W. 17th Street, Lower Level
Cheyenne, WY 82002

Mr. Scott W. Ramsay, Radiological Services Supervisor
Wyoming Office of Homeland Security
5500 Bishop Blvd., Door #1
Cheyenne, WY 82002

FACTUAL SUMMARY
OFFICE OF INVESTIGATIONS REPORT 4-2014-034

On June 27, 2014, the U.S. Nuclear Regulatory Commission's (NRC's) Office of Investigations (OI) Region IV Field Office initiated an investigation at the Power Resources, Inc.'s (PRI's) North Butte satellite facility to determine whether: (1) an operations supervisor willfully failed to conduct and properly document required personal contamination control exit surveys of contract welding personnel upon their exit from a radiologically-controlled area at the North Butte satellite facility in September 2013; (2) an operations supervisor willfully falsified radiological survey records of contract welders on or about September 11, 2013; (3) licensee personnel willfully provided access for contract welding personnel into radiologically-controlled areas of the licensee's premises in September 2013 without having provided the required site hazard awareness instructions; and (4) a mine manager willfully performed a survey for release of contractor tools on October 16, 2013, without having had the necessary training and qualifications to perform the release survey. The NRC completed its investigation on February 25, 2016.

Based on testimony and evidence developed during the investigation, the NRC established that two contractors arrived at the North Butte satellite facility on September 12, 2013, and an operations supervisor escorted the two contractors into the restricted area. Once the contractors completed their activities in the restricted area, they exited the area and left the site. On that date, the evidence shows that an operations supervisor failed to ensure that two contract employees (1) conducted personal contamination control surveys, and (2) documented the personal contamination control surveys when they exited the restricted area, prior to their departure from the North Butte satellite facility.

Subsequently, an operations supervisor recorded entries into the "Wyoming Operations Daily Monitoring Record," maintained at the exit point contamination survey station in the North Butte satellite facility, indicating that the two contractors were surveyed on September 11, 2013, when in fact, the two contract employees exited the restricted area on September 12, 2013. The operations supervisor testified that he had written the entries in the "Wyoming Operations Daily Monitoring Record" and that the handwriting was his. The operations supervisor also acknowledged that he knew that performing an exit survey and recording it properly was procedurally required.

Therefore, based on the evidenced gathered during the investigation, it appears that the operations supervisor falsified the "Wyoming Operations Daily Monitoring Record" sometime after September 12, 2013, when the two contract employees visited the North Butte satellite facility and before February 6, 2014, when the licensee began investigating the incident.

In addition, based on the evidence developed during the investigation, the NRC established there was no willful failure to provide required training to the contractors in September 2013 and no willful intent to perform surveys of equipment by unqualified personnel.

SUMMARY OF APPARENT VIOLATIONS

Based on the evidence developed during the investigation, the NRC identified four apparent violations as described below:

1. Title 10 CFR 20.1501 requires, in part, that each licensee shall make or cause to be made, surveys that may be necessary for the licensee to comply with the regulations in 10 CFR Part 20 and that are reasonable under the circumstances to evaluate the magnitude and extent of radiation levels, concentrations or quantities of residual radioactivity, and the potential radiological hazards.

Title 10 CFR 20.1003, defines *Survey* as an evaluation of the radiological conditions and potential hazards incident to production, use, transfer, release, disposal, or presence of radioactive material or other sources of radiation.

License Condition 9.3 of NRC Materials License SUA-1548, Amendment 18, dated March 27, 2013, requires, in part, that the licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the license application and/or amendments for each facility, which are incorporated by reference. Volume 1, Chapter 9, "Management Organization and Administrative Procedures," of the licensee's application dated May 6, 2003, was amended based on letter dated March 20, 2008.

Chapter 9, Section 9.18.1, "Radiological and Environmental Monitoring Programs," requires, in part, that procedures for radiological and environmental monitoring programs are contained in the EMS Manual IV-Health Physics Manual. The licensee uses the "[Safety, Health, Environment, and Quality] SHEQ Management System Health Physics Manual Volume IV" to implement the procedures for radiological and environmental monitoring programs that are contained in the EMS Manual IV-Health Physics Manual.

The SHEQ Management System Health Physics Manual Volume IV, Chapter 5, "Contamination Control Programs," Section 5.6, "Personnel Monitoring," requires, in part, that employees who enter an unrestricted area from a restricted area will be required to monitor themselves for alpha contamination that may be present from uranium or associated daughter products.

On September 12, 2013, the licensee failed to ensure that contract employees who entered an unrestricted area from a restricted area monitored themselves for alpha contamination. Specifically, a licensee management representative failed to ensure that two contract employees monitored themselves for alpha contamination when they exited the restricted area at the North Butte satellite facility.

2. Title 10 CFR 40.9(a) requires, in part, that information required by statute or license conditions to be maintained by the licensee shall be complete and accurate in all material respects.

License Condition 9.3 of NRC Materials License SUA-1548, Amendment 18, dated March 27, 2013, requires, in part, that the licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the license application

and/or amendments for each facility, which are incorporated by reference. Volume 1, Chapter 9 of the licensee's application dated May 6, 2003, was amended based on letter dated March 20, 2008.

Chapter 9, Section 9.16, "Record Keeping and Retention," requires, in part, that records of surveys and personnel monitoring will be maintained on site until license termination. The licensee uses the "(Safety, Health, Environment, and Quality) SHEQ Management System Health Physics Manual Volume IV" to implement the procedures for maintaining records of surveys and personnel monitoring. The SHEQ Management System Health Physics Manual Volume IV, Chapter 5, "Contamination Control Programs," Section 5.6, "Personnel Monitoring," requires, in part, the documentation of results of personnel surveys on the form located at the survey station.

From September 12, 2013, to February 6, 2014, the licensee failed to maintain complete and accurate information regarding surveys required by License Condition 9.3. Specifically, the "Wyoming Operations Daily Monitoring Record" logs indicated that two contractors had personnel contamination surveys performed on September 11, 2013, when the evidence shows that the surveys were not performed at all. Specifically, the contractors were present at the site on September 12, 2013, not on September 11, 2013, as the log indicated. The information regarding personnel contamination surveys is material because the NRC relies on these logs to confirm the licensee's implementation of its contamination control program and compliance with NRC regulations.

3. License Condition 9.3 of NRC Materials License SUA-1548, Amendment 18, dated March 27, 2013, requires, in part, that the licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the license application and/or amendments for each facility, which are incorporated by reference. Volume 1, Chapter 9 of the licensee's application dated May 6, 2003, was amended based on letter dated March 20, 2008.

Chapter 9, "Management Control Procedures," Section 9.5.1, "Cameco Resources Environment, Health and Safety Management System," states, in part, that the management system will use a series of standards that align with specific management processes and sets out the minimum expectations for environmental, health, and safety performance, including training. The licensee uses Volume VII of the SHEQ Management System Training and Awareness Manual to implement training requirements.

The SHEQ Management System Training and Awareness Manual, Volume VII, Chapter 4, "Contractor Training," Section 4.1, "Introduction," requires, in part, that long term contractors such as drilling services receive training covered under Section 4.1, "Site Specific Training (Contractors)," other contractors performing less hazardous tasks may receive only the hazard awareness training located at the front desk when they sign in to the site.

On September 12, 2013, the licensee failed to ensure that contractors performing less hazardous tasks received hazard awareness training located at the front desk when they signed in at the site. Specifically, two contract employees visiting the North Butte satellite facility on September 12, 2013, did not receive or complete the hazard awareness training located at the front desk when they signed into the site, prior to entering the restricted area.

4. License Condition 9.3 of NRC Materials License SUA-1548, Amendment 18, dated March 27, 2013, requires, in part, that the licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the license application and/or amendments for each facility, which are incorporated by reference. Volume 1, Chapter 9 of the licensee's application dated May 6, 2003, was amended based on letter dated March 20, 2008.

Chapter 9, Section 9.18.1, "Radiological and Environmental Monitoring Procedures," requires, in part, that the licensee establish procedures for radiological and environmental monitoring programs, including Contamination Control, as set out in EMS Manual IV-Health Physics Manual. The licensee uses the "SHEQ Management System Health Physics Manual Volume IV" to implement the procedures for radiological and environmental monitoring programs that are contained in the "EMS Manual IV-Health Physics Manual."

The SHEQ Management System Health Physics Manual Volume IV, Chapter 5, "Contamination Control Programs," Section 5.8.2, "Release Survey Procedure," requires, in part, that all equipment from the restricted area must be surveyed by a qualified member of the health physics department staff before the equipment is released into an unrestricted area.

On October 16, 2013, the licensee failed to ensure that all equipment released from the restricted area to an unrestricted area was surveyed for release by a qualified member of the health physics department. Specifically, a licensee employee, who was not a qualified member of the health physics department, surveyed a contractor's cardboard template for release from a restricted area to an unrestricted area at the North Butte satellite facility.

B. Berg

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In accordance with Title 10 Code of Federal Regulations 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter and its enclosures, and your response if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room and from 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>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

If you have any questions concerning this matter, please contact Mr. Whitten at 817-200-1197.

Sincerely,

/RA by LLHowell Acting for/

Mark R. Shaffer, Director
Division of Nuclear Materials Safety

Docket No. 040-08964
License No. SUA-1548

Enclosures:

1. Factual Summary
2. Summary of Apparent Violations

cc w/enclosures:

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DATE	08/01/16	08/01/16	08/11/16	08/22/16	08/19/16	08/18/16	8/24/16

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Letter to Brent Berg from Mark Shaffer dated August 24, 2016

SUBJECT: NRC INVESTIGATION REPORT NO. 4-2014-034

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