



December 5, 2016

MEMORANDUM TO: File

THROUGH: Aaron T. McCraw, Chief  
Materials Inspection Branch 

FROM: Ryan Craffey, Health Physicist 

SUBJECT: ATTEMPTED INSPECTION - MAG PELLET

On October 11, 2016, I attempted to conduct an initial inspection of Mag Pellet in Reynolds, Indiana. The facility, an iron ore pellet plant, began operations in September 2014, and originally possessed fixed nuclear gauges under the general license in Title 10 of the *Code of Federal Regulations* Section 31.5(a). In March 2016, the company applied for a specific license for these gauges instead, in order to reduce the cost of their maintenance and oversight. The NRC issued the license in August 2016. However, in early October 2016, the facility halted operations due to economic factors, and began transitioning to a period of indefinite idle during bankruptcy proceedings (U.S. Bankruptcy Court, District of Minnesota, case no. 15-50307).

The licensee kept its Radiation Safety Officer (RSO) officially employed through October 25, 2016 to leak test, lock out, and secure each of its gauges. The RSO intended to maintain control of the licensee's calibrated survey instrument and all keys and documentation for the gauges after October 25, and to return to the site periodically to account for the material, perform routine maintenance, and respond to any incident which may involve the gauges.

During this attempted inspection, I was able to tour the facility in Reynolds with the RSO and evaluate the licensee's measures for materials security, hazard communication and exposure control. The gauges themselves were in excellent physical condition, and the majority had already been locked out. The RSO had just received additional padlocks for the remaining gauges, and was planning to lock them out as well in the coming days (the RSO confirmed via telephone later that week that this had been completed). I also confirmed that two additional unused gauges were securely stored in an equipment warehouse. I conducted independent surveys in the vicinity of several gauges; readings were consistent with those in the applicable certificates of registration. I also reviewed a selection of records related to the maintenance and use of the gauges.

The RSO and I discussed with the licensee's remaining managers the importance of ensuring that the duties of the RSO will continue to be fulfilled after October 25. The RSO also discussed this with representatives of the plant's owners during a site visit the week of October 17. During follow-up discussions via telephone, the latest on November 21, the RSO stated that the licensee ~~was~~ had shuttered and locked all buildings on the premises, blocked the plant entrance, and retained 24/7 guard duty at the entrance to the facility, as well as a skeleton crew of four or five plant employees for the foreseeable future to conduct daily plant walk-throughs. The RSO had remained in contact with these employees, who had reported no issues with any of the gauges so far. The RSO was still negotiating the terms of his continued employment with the licensee, but intended to return to the site for 1-2 days during the first week of January 2017 (specific dates to be determined) to perform routine maintenance of the gauges. The RSO committed to keep me informed of any developments which may affect the plant, the gauges, and their oversight.

However, because of the uncertainty regarding the future of the radiation safety program and its implementation, this initial inspection should not be considered complete. Moreover, MIB should move up the due date of this initial inspection to February 4, 2017 to more closely follow the status of this program. The next inspector should consider accompanying the RSO during his planned visit to the site for routine gauge maintenance in January 2017, if possible.

The latest court documents related to the licensee's bankruptcy proceedings can be found here: <https://www.donlinrecano.com/Clients/mag/Dockets>.

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Docket No. 030-38920  
License No. 13-35286-01