



**UNITED STATES  
NUCLEAR REGULATORY COMMISSION**

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

April 2, 2018

Stephen Ayers  
Radiation Safety Officer  
CMG Engineering, Inc.  
P.O. Box 5159  
Kalispell, MT 59903

SUBJECT: NRC INSPECTION REPORT 030-36909/2018-001 AND NOTICE OF VIOLATION

Dear Mr. Ayers:

This letter refers to the unannounced inspection conducted on March 15, 2018, at your facility in Kalispell, Montana. The inspection was an examination of activities conducted under your license as they relate to public health and safety, to confirm compliance with the U.S. Nuclear Regulatory Commission's (NRC) rules, regulations, and with the conditions of your license. Within these areas, the inspection consisted of a selected examination of procedures and representative records, observations of activities, and interviews with personnel. The preliminary inspection findings were discussed with you at the conclusion of the onsite portion of the inspection on March 15, 2018. A final telephonic exit briefing was conducted with you on March 26, 2018.

Based on the results of this inspection, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. The violations were evaluated in accordance with the NRC Enforcement Policy, which can be found at the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violations are cited and described in the enclosed Notice of Violation (Notice). The violations involved the failure to document the radiation protection program audit, and the failure to ensure that each portable nuclear gauge has a lock or outer locked container designed to prevent unauthorized or accidental removal of the sealed source from its shielded position.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be helpful in preparing your response. You can find the Information Notice on the NRC website at: <http://pbadupws.nrc.gov/docs/ML0612/ML061240509.pdf>. Information regarding the reason for the violations, the corrective actions taken and planned to correct the violations and prevent recurrence, and the date when full compliance will be (was) achieved should be addressed. The NRC review of your response to the Notice will also determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the Public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, you must specifically identify the portions of your response that you seek to

have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by Title 10 of the *Code of Federal Regulations* (CFR) 2.390(b) to support a request for withholding confidential commercial or financial information).

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter, its enclosure, and your response, will be made 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 Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Should you have any questions regarding this letter or the enclosed Notice, please contact Jason vonEhr at 817-200-1186, or the undersigned at 817-200-1455.

Sincerely,

*/RA/*

Michael C. Hay, Chief  
Materials Licensing and Inspection Branch  
Division of Nuclear Materials Safety

Docket: 030-36909  
License: 25-27807-01

Enclosure:  
Notice of Violation (Notice)

cc: State of Montana Radiation Program Director

NRC INSPECTION REPORT 030-36909/2018-001 AND NOTICE OF VIOLATION - DATED April 2, 2018.

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NRC-002

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## NOTICE OF VIOLATION

CMG Engineering, Inc.  
Kalispell, MT

Docket No. 030-36909  
License No. 25-27807-01

During an NRC inspection conducted on March 15, 2018, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A) License Condition 17 of NRC License 25-27807-01, Amendment No. 3, dated September 21, 2015, requires that each portable nuclear gauge shall have a lock or outer locked container designed to prevent unauthorized or accidental removal of the sealed source from its shielded position. The gauge or its container must be locked when in transport, storage, or when not under the direct surveillance of an authorized user.

Contrary to the above, on March 15, 2018, the licensee failed to have a lock or outer locked container designed to prevent unauthorized or accidental removal of the sealed source from its shielded position. Specifically, four portable nuclear gauges (Troxler model 3440 serials 67074, 14141, and 19685, and Instrotek model 3500 Xplorer serial 1610) were observed in the licensee's storage area without a lock on the gauge or the gauge container and the gauges were not under the direct surveillance of an authorized user.

This is a repeat Severity Level IV violation (NRC Enforcement Policy Section 6.3.d)

- B) 10 CFR 20.2102(a) requires that the licensee shall maintain records of the radiation protection program, including audits and other reviews of the program content and implementation.

10 CFR 20.2102(b) requires that the records above shall be retained for 3 years after the record is made.

Contrary to the above, from February 2017 through March 15, 2018, the licensee failed to maintain and retain records of the radiation protection program, including audits and other reviews of the program content and implementation. Specifically, the licensee conducted a radiation protection program audit in February of 2017 and failed to maintain and retain the record of the audit through the date of the inspection on March 15, 2018.

This is a Severity Level IV violation (NRC Enforcement Policy Section 6.3.d)

Pursuant to the provisions of 10 CFR 2.201, CMG Engineering, Inc., is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, with a copy to the Regional Administrator, Region IV, 1600 E. Lamar Blvd., Arlington, Texas 76011, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include: (1) the reason for the violations, or, if contested, the basis for disputing the violation or severity level; (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 previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued requiring information as to why the license should not be

Enclosure

modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Your response 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>. To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information).

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days of receipt.

Dated this April 2, 2018.