



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 EAST LAMAR BOULEVARD
ARLINGTON, TEXAS 76011-4511

May 7, 2018

Mr. Robert J. Horton
Science Coordinator, Southwest Regional Office
U.S. Department of the Interior
U.S. Geological Survey
P. O. Box 25046, MS 911
Denver, CO 80225-0046

SUBJECT: NRC INSPECTION REPORT 030-03728/2018-001 AND NOTICE OF VIOLATION

Dear Mr. Horton:

This letter refers to the routine, unannounced inspection conducted on January 24, 2018, with a continued announced inspection on March 27-28, 2018, at your facility located at the Denver Federal Center in Denver, Colorado. Inspections were also performed at two of the U.S. Geological Survey field offices located in Texas and Idaho. The inspections were 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's) rules, regulations, and with the conditions of your license. Within these areas, the inspection consisted of a selected examination of procedures and representative records, observation of licensed activities, and interviews with personnel. The preliminary inspection findings were discussed with you and your radiation safety officer on March 28, 2018. A final telephonic exit briefing was conducted with your radiation safety officer on May 7, 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 on the NRC's Web site at 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 failures to:

- 1) Limit the use/storage of licensed material to the locations authorized on the license; and
- 2) Perform physical inventories of sealed sources possessed under the license every 6 months.

The violations are being cited in the enclosed Notice because they were identified by the NRC during the inspection.

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 will review your response to the Notice to 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 10 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 James Thompson at 817-200-1538 or the undersigned at 817-200-1455.

Sincerely,

/RA/

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

Docket: 030-03728
License: 05-01399-08

Enclosure:
Notice of Violation (Notice)

cc w/Enclosure:
Jennifer Opila
State of Colorado
Radiation Control Program Director

NRC INSPECTION REPORT 030-03728/2018-001 AND NOTICE OF VIOLATION DATED MAY 7, 2018

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ADAMS ACCESSION NUMBER: ML18129A072

Cvr Ltr/Encl: ADAMS: Non-Publicly Available Non-Sensitive **Keyword:**
 SUNSI ReviewBy: JLT Yes No Publicly Available Sensitive

OFFICE	RIV:MLIB	RIV:C:MLIB				
NAME	JLThompson	MCHay				
SIGNATURE	/RA/	/RA/				
DATE	5/7/18	5/7/18				

OFFICAL RECORD COPY

NOTICE OF VIOLATION

U.S. Department of the Interior
U.S. Geological Survey (USGS)
Denver, Colorado

Docket: 030-03728
License: 05-01399-08

During an NRC inspection conducted on January 24 through March 28, 2018, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. Condition 10 to NRC License 05-01399-08, Amendment 88, requires, in part, that the licensee may use and store licensed material only at the licensee's facilities specified in the license.

Contrary to the above, from approximately 2008 to the date of the inspection at USGS' field office in Idaho on February 15, 2018, the licensee failed to limit the use and storage of licensed material to only the facilities specified in the license. Specifically, three licensed well logging sources were determined to be stored at a USGS facility in Scoville, Idaho, instead of an authorized storage location listed in the license.

This is a Severity Level IV Violation (Section 6.3.d)

- B. Condition 25 to NRC License 05-01399-08, Amendment 88, requires, in part, that the licensee shall conduct a physical inventory every 6 months to account for all sealed sources and/or devices received and possessed under the license.

Contrary to the above, from May 2017 to March 28, 2018, the licensee failed to conduct a physical inventory every six months to account for all sealed sources and/or devices received and possessed under the license. Specifically, a complete physical inventory was last performed in May 2017. Since May 2017, 10 of the 27 permittees under the USGS broad scope license had not conducted a physical inventory through March 28, 2018, a period greater than six months.

This is a Severity Level IV Violation (Section 6.3.d)

Pursuant to the provisions of 10 CFR 2.201, the U.S. Geological Survey 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 violation, 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 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.

Enclosure

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 2 working days of receipt.

Dated this 7th day of May 2018