



Pace Analytical Services, LLC  
1673 Terra Avenue  
Sheridan, WY 82801  
Phone: 307-672-8945

May 21, 2020

Heather J. Gepford, Ph.D., CHP – Chief  
Materials Licensing & Decommissioning Branch  
US-NRC, Region IV, Division of Nuclear Materials Safety  
1600 East Lamar Boulevard  
Arlington, TX 76011-4511

**Subject: Pace Analytical License Amendment and Notice of Violation 030-38364/2020-001**

Dear Ms. Gepford:

This letter is in response to the Notice of Violation 030-38364/2020-001 (NOV) received at Pace Analytical Services - Sheridan, WY on May 14<sup>th</sup>, 2020.

**Summary of Violation:** 10 CFR 30.34(b) requires, in part, that no license issued or granted pursuant to the regulations shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing.

Contrary to the above, on October 1, 2019, the licensee transferred control of NRC License 49-29405-01 without the Commission, after securing full information, finding that the transfer was in accordance with the provisions of the Act and giving its consent in writing. Specifically, Pace Analytical Services, LLC (Pace) completed a stock purchase of Inter-Mountain Laboratories, Inc. (IML), which constituted a change of control under 10 CFR 30.34(b), prior to notifying Commission and receiving consent.

**Response:** In September 2019, Pace initiated a due diligence/compliance audit of IML with intent to purchase the business on October 1<sup>st</sup>, 2019. Included in the items that are reviewed in this compliance audit is a review of applicability to radiation safety programs and permits. It was understood by Pace management prior to purchase that IML had an NRC License and would need to transfer ownership to Pace upon acquisition of the business. However, Pace management did not realize that - during an acquisition where the local operations and management do not change - the Commission still required information to ensure that the transfer is in accordance with the provisions of the Act and to give its consent in writing before the purchase took place. On October 1<sup>st</sup>, 2019 Pace management realized that the NRC required this information and began the process of contacting representatives at the NRC in order to both transfer the License to Pace ownership but also to supply any necessary documentation to the NRC so that it could ensure the transaction was in accordance with all provisions of the Act.

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**Pace Analytical Services, LLC**  
1673 Terra Avenue  
Sheridan, WY 82801  
Phone: 307-672-8945

**Corrective Action:** To correct the omission, Pace immediately began working with representatives at the NRC to supply all necessary documentation as requested by the NRC to transfer control and update the License. See attached for this corrective action.

**Preventative Action:** In November 2019, Pace management completed an investigation into the root cause of the oversight (as identified in this NOV). It was recognized that the acquisition checklist did not - in the case of a laboratory possessing an NRC permit or NRC regulated equipment - mandate that Pace representatives contact the NRC directly and ensure all applicable regulations are obeyed, documentation provided, and receive consent in writing *before* purchase. To correct this and prevent future incidents, Pace has updated the acquisition checklist to confirm NRC (or agreement state) applicability by reviewing permits and equipment, and when a laboratory has NRC applicable equipment, reach out to the appropriate authority to confirm understanding of the regulations and provide all needed documentation.

It is Pace Analytical's full intention to be compliant with all regulatory requirements, so please contact us if you need any additional information on our corrective action to be confident the issues have been rectified to your satisfaction.

Sincerely,

Jessica Nixon  
Project Manager / RSO  
Pace Analytical – Sheridan, WY  
307-672-8945

Adam Netzer  
Director of Health, Safety and Environment  
Pace Analytical Services, LLC | Corporate  
612-607-6329



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1673 Terra Avenue  
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**ATTACHMENT I – Referenced Communication between Pace/IML and NRC**

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**PUBLIC**  
 Immediate Release  
 Normal Release

**NON-PUBLIC**  
 A.3 Sensitive-Security Related  
 A.7 Sensitive Internal  
 Other: \_\_\_\_\_

**RECEIVED**  
 OCT 07 2019

**DNMS**

10/4/2019

Reviewer: ATC Date: 10-7-19

Roberto J. Torres, M.S. - Senior Health Physicist  
 U.S. Nuclear Regulatory Commission - Region IV  
 1600 East Lamar Boulevard  
 Arlington, TX 76011-4511  
 817-200-1189

**RE: Information Needed for Transfer of Control, License 49-29405-01  
 Docket No.: 030-38364**

Dear Mr. Torres,

On October 1, 2019 Pace Analytical Services, LLC (Pace) purchased Inter-Mountain Laboratories, Inc. (IML) According to NUREG-1556 (Volume 15, rev. 1), the following information must be provided to the U.S. NRC in order to transfer the permit.

1. Describe any planned changes in the organization, including but not limited to, transfer of stocks or assets and mergers, change in members on Board of Directors, etc. Provide the new licensee name, mailing address, and contact information, including phone numbers. Clearly identify when the amendment request is due to a name change only.

**Pace completed a stock purchase of IML. The new licensee should be stated on the amended license as: "Pace Analytical - Sheridan, WY". The operation will have the same mailing address and contact information. Local employees and management will not change, though they will now report to Pace Analytical's Corporate Management.**

2. Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel and any changes in the training program.

**There will be no changes in the above items due to this purchase.**

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3. Describe any changes in the location, facilities, equipment, radiation safety program, use, possession, waste management, or other procedures that relate to the licensed program.

**There will be no changes of the above items due to this purchase.**

4. Describe the status of the licensee's facilities, equipment, and radiation safety program, including any known contamination and whether decontamination will occur prior to transfer. Include the status of calibrations, leak tests, area surveys, wipe tests, training, quality control, and related records.

**The status of the licensee's facilities, equipment and radiation safety program will not change. Pace completed a Safety and Health Due Diligence Audit of the operation and found that IML's Radiation Safety Program was in compliance with regulations. All compliance documentation will continue on the schedule it is currently on.**

5. If current decommissioning funding plans (DFP) will be changed as a result of the transfer, ~~the revised DFP should be submitted.~~ If other financial assurance documents will be changed as a result of the transfer, confirm that all financial assurance instruments associated with the license will be held in the transferee's name before the license is transferred, and as required by 10 CFR 30.35(f), the licensee must, within 30 days, submit financial instruments reflecting such changes.

**The DFP will not change - or is not anticipated to change - as a result of the purchase. If the NRC requires any information regarding insurance or financial information for Pace, we can provide.**

6. Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels and fixed and/or removable contamination, including methods and sensitivity.

**Not applicable - this operation will continue to operate as it currently is.**

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7. Confirm that both transferor and transferee agree to transferring control of the licensed material and activity, and the conditions of transfer, and that the transferee has been made aware of any open inspection items and its responsibility for possible resulting enforcement actions.

**Confirmed by both transferor and transferee with signatures below.**

8. Confirm that the transferee will abide by all constraints, conditions, requirements, representations, and commitments of the transferor or that the transferee will submit a complete description of the proposed licensed program.

**Confirmed by both transferor and transferee with signatures below.**

9. The transferee, in the case of fuel cycle facilities, shall provide documentation showing that it is financially qualified to conduct normal operations. The information can be in the form of income statements and balance sheet forecasts.

**Not applicable.**

If the NRC has any questions we will be happy to supply information as requested. Overall, Pace does not anticipate the general operations and laboratory processes will change in any way.

**Regards,**

**Dennis Leeke**  
**Regional General Manager - N.W. Region**  
TRANSFEE  
1700 Elm Street  
Minneapolis, MN 55414  
Direct 612 616-2279

**Kevin Chartier**  
**General Manager - IML**  
TRANSFEROR  
555 Absaraka Street  
Sheridan, WY 82801  
Direct: (307) 461-4985

1700 Elm Street, Minneapolis, MN



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**Torres, Roberto**

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**From:** Kevin Chartier <kchartier@imlinc.com>  
**Sent:** Monday, October 07, 2019 4:22 PM  
**To:** Torres, Roberto  
**Cc:** 'Adam Netzer'; Dennis Leeke; 'Margaret Elliott'  
**Subject:** [External\_Sender] RE: license #49-29405-01  
**Attachments:** NRC Letter - Information Needed for Transfer of Control 10-4-2019.pdf

Mr. Torres:

The attached PDF contains a letter containing information relating to the transfer of Inter-Mountain Laboratories' license. A form 313 has also been prepared and will follow shortly. Please contact me if any additional information is required.

Best regards,

Kevin Chartier  
General Manager  
Inter-Mountain Labs  
A division of Pace Analytical Services  
555 Absaraka Street  
Sheridan, Wyoming 82801  
Direct: (307) 461-4935

RECEIVED  
OCT 07 2019

DNMS

**From:** Torres, Roberto [mailto:RobertoJ.Torres@nrc.gov]  
**Sent:** Friday, October 04, 2019 5:56 AM  
**To:** Kevin Chartier  
**Cc:** Adam Netzer  
**Subject:** RE: license #49-29405-01

**PUBLIC**  
 Immediate Release  
 Normal Release  
**NON-PUBLIC**  
 A.3 Sensitive-Security Related  
 A.7 Sensitive Internal  
 Other:

Mr. Chartier:

Reviewer: RTZ Date: 10-7-19

Sorry for the late response, had a backlog. Here is the transfer of control information. I will follow up with a phone call after sending this email.

NUREG-1556, Volume 15, revision 1, provides licensing guidance for a transfer of control (see attached).

1. Appendix C of the attachment has examples of what constitutes an indirect change of control, a direct change of control and no change of control.
2. Appendix D has examples of the licensee changes and suggested NRC licensing actions.
3. Appendix E contains information that needs to be submitted to the NRC in support of a change of control or no change of control.

Request a license amendment by sending a signed and dated letter containing the information requested in Appendix E (both parties, transferee and transferor have to sign the letter). Send the amendment request as a pdf file by reply email to our licensing assistant [carol.hill@nrc.gov](mailto:carol.hill@nrc.gov).

Roberto J. Torres, M.S.

Senior Health Physicist  
U.S. Nuclear Regulatory Commission, Region IV  
1600 East Lamar Boulevard  
Arlington, TX 76011-4511  
817-200-1189

**From:** Kevin Chartier <kchartier@imlinc.com>  
**Sent:** Thursday, October 03, 2019 5:26 PM  
**To:** Torres, Roberto <RobertoJ.Torres@nrc.gov>  
**Cc:** Adam Netzer <Adam.Netzer@pacelabs.com>  
**Subject:** [External\_Sender] license #49-29405-01

Roberto,

I have been trying to reach you by phone for several days and left a couple of voice messages. Inter-Mountain Laboratories, Inc. (IML) holds the referenced material license. On October 1, Pace Analytical Services, LLC purchased the stock of IML. I would like to discuss with you the required steps necessary to transfer the license.

Best regards,  
Kevin Chartier

Kevin Chartier  
General Manager  
Inter-Mountain Labs  
A division of Pace Analytical Services  
555 Absaraka Street  
Sheridan, Wyoming 82801  
Direct: (307) 461-4935  
Mobile: (307) 751-0803





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

May 12, 2020

Jessica Nixon, Project Manager  
Radiation Safety Officer  
Pace Analytical – Sheridan, WY  
1673 Terra Ave  
Sheridan, WY 82801

SUBJECT: PACE ANALYTICAL LICENSE AMENDMENT AND NOTICE OF VIOLATION  
030-38364/2020-001

Dear Ms. Nixon:

This letter refers to the Nuclear Regulatory Commission's (NRC) review of the change of control and/or transfer of ownership that was submitted to the NRC Region IV office by Inter-Mountain Laboratories, Inc. (IML) Pace Analytical Services, LLC (Pace), in amendment request dated October 4, 2019. The change of control and/or transfer of ownership supporting documentation stated that Pace completed a stock purchase of IML on October 1, 2019, which resulted in the new business name of Pace Analytical – Sheridan, WY. In addition, the change of control and/or transfer of ownership documentation stated that Pace Analytical – Sheridan, WY, agrees to abide by all statements, representations, procedures, conditions, and commitments made by IML.

Based on the license amendment request dated October 4, 2019, for the change of control and/or transfer of ownership, the NRC determined that one Severity Level IV violation of the NRC requirements occurred. The violation involved the failure to obtain the NRC consent in writing prior to the merger associated with radioactive materials License Number 49-29405-01. Licensees are expected to notify the NRC of a proposed change of control and/or transfer of ownership in a timely manner, allowing the NRC enough time to carry out its statutory mandate of ensuring that licensed materials are adequately secured, and that public health and safety and the environment are protected.

This violation and the detailed circumstances surrounding it is cited in the enclosed Notice of Violation (NOV).

The failure to seek required NRC approval before the implementation of a significant change in licensed activities that has radiological or programmatic significance, such as a change in ownership, is normally considered to be a Severity Level III violation. However, since the change of ownership resulted in little or no adverse impact on radiological or programmatic activities, the violation is categorized as a Severity Level IV violation in accordance with the NRC Enforcement Policy.

You are required to respond to this letter and should follow the instructions specified in Information Notice 96-28 when preparing your response. For your convenience, "Suggested Guidance Relating to Development and Implementation of Corrective Action," can be found in the NRC website at: <https://www.nrc.gov/reading-rm/doc-collections/gen-comm/info-notices/1996/in96028.html>. If you have additional information that you believe the NRC should consider, you may provide it in your response to the NOV. The NRC review of your response to the NOV will also determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at [www.nrc.gov/reading-rm/adams.html](http://www.nrc.gov/reading-rm/adams.html). Should you have any questions concerning this inspection, please contact Latischa Hanson of my staff at 817-200-1286.

Thank you for your cooperation.

Sincerely,



Heather J. Gepford, Ph.D., CHP, Chief  
Materials Licensing & Decommissioning Branch  
Division of Nuclear Materials Safety

Docket: 030-38364  
License: 49-29405-01  
Control: 616183

Enclosure:  
Notice of Violation

## NOTICE OF VIOLATION

Pace Analytical – Sheridan, WY  
Sheridan, WY

Docket: 030-38364  
License: 49-29405-01

In letter dated October 4, 2019, for a change of control and/or transfer of ownership that occurred on October 1, 2019, a violation of the NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 30.34(b) requires, in part, that no license issued or granted pursuant to the regulations shall be transferred, assigned, or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing.

Contrary to the above, on October 1, 2019, the licensee transferred control of NRC License 49-29405-01 without the Commission, after securing full information, finding that the transfer was in accordance with the provisions of the Act and giving its consent in writing. Specifically, Inter-Mountain Laboratories, Inc. (IML)/Pace Analytical Services, LLC (Pace) completed a stock purchase of Pace Analytical – Sheridan, WY, which constituted a change of control under 10 CFR 30.34(b), prior to notifying Commission and receiving consent.

This is a Severity Level IV violation (NRC Enforcement Policy Section 6.3.d.7).

Pursuant to the provisions of 10 CFR 2.201, Pace Analytical – Sheridan, WY, 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, within 30 days of the date of the letter transmitting this Notice of Violation (NOV). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for each violation: (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 NOV, an Order or a Demand for Information may be issued 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.

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, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

Your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>, to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

Enclosure

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).

Dated this 12<sup>th</sup> day of May 2020

PACE ANALYTICAL – SHERIDAN, WY - LICENSE AMENDMENT AND NOTICE OF VIOLATION 030-38364/2020-001 DATED – MAY 12, 2020.

DISTRIBUTION:

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ADAMS ACCESSION NUMBER: ML20133K049

X SUNSI Review      ADAMS:       Non-Publicly Available      X Non-Sensitive      Keyword:  
By: LMH      X Yes  No      X Publicly Available       Sensitive      NRC-002

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NAME	LMHanson	HJGepford
SIGNATURE	/RA/	/RA/
DATE	5/11/2020	5/12/2020

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