

January 23, 1998

EA 98-021

Ground Engineering and Testing  
Service, Inc.  
ATTN: Mr. Jerry Vandavelde  
Branch Manager  
4201 Produce Road  
Louisville, KY 40218

SUBJECT: NRC INSPECTION REPORT NO. 150-00016/97-03

Dear Mr. Vandavelde:

This refers to the inspection conducted on December 12, 1997 at your Louisville, Kentucky facility. The purpose of the inspection was to determine whether activities conducted by your staff were performed with the proper authorization from the Nuclear Regulatory Commission (NRC). The findings of the inspection were discussed with Mr. Dennis Duerr of your staff by telephone on December 18, 1997.

The inspection was an examination of activities conducted under your Commonwealth of Kentucky license and performed in areas of Exclusive Federal Jurisdiction and Non-Agreement States. Certain areas at Fort Knox, Kentucky are exclusive federal jurisdiction areas which come under NRC jurisdiction. West Virginia and Indiana are Non-Agreement States within NRC jurisdiction. The inspection included selective examinations of procedures and representative records, interviews with personnel and direct observations by the inspector.

Based on the results of this inspection, one apparent violation was identified and is being considered for escalated enforcement action in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions" (Enforcement Policy), NUREG-1600. The apparent violation involves three instance of failure to submit a "Report of Proposed Activity in Non-Agreement States," (NRC Form 241) three days in advance of conducting licensed activities in NRC jurisdiction, operating in excess of the allowed 180 days in a calendar year, and failing to submit the required fees. Accordingly, no Notice of Violation is presently being issued for these inspection findings. In addition, 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.

A predecisional enforcement conference to discuss this apparent violation will be scheduled in the near future. The decision to hold a predecisional enforcement conference does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference is being held to obtain information to enable the NRC to make an enforcement decision, such as a common understanding of the facts, root

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causes, missed opportunities to identify the apparent violation sooner, corrective actions, significance of the issues and the need for lasting and effective corrective action. In addition, this is an opportunity for you to point out any errors in our inspection report and for you to provide any information concerning your perspectives on 1) the severity of the violation(s), 2) the application of the factors that the NRC considers when it determines the amount of a civil penalty that may be assessed in accordance with Section VI.B.2 of the Enforcement Policy, and 3) any other application of the Enforcement Policy to this case, including the exercise of discretion in accordance with Section VII. In presenting your corrective action, 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 from NRC Information Notice 96-28, "SUGGESTED GUIDANCE RELATING TO DEVELOPMENT AND IMPLEMENTATION OF CORRECTIVE ACTION," (Enclosure 2) may be helpful.

This conference will be transcribed and will not be open to public observation in accordance with the Commission's program as discussed in the enclosed excerpt from the Enforcement Policy (Enclosure 3).

You will be advised by separate correspondence of the results of our deliberations on this matter. No response regarding the apparent violation is required at this time.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Document Room.

Sincerely,

/s/

Douglas M. Collins, Director  
Division of Nuclear Materials Safety

Docket No. 150-00016

Enclosures: 1. NRC Inspection Report  
No. 150-00016/97-03  
2. NRC Information Notice 96-28  
3. Enforcement Policy, Section V,  
"Predecisional Enforcement Conferences"

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Commonwealth of Kentucky  
State of Indiana

Distribution w/encls: (See Page 3)



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