



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

June 17, 2025

EAO-OIP-2025-0093

Daniel Dale
Chief Operating Officer
Paragon Energy Solutions, LLC
7410 Pebble Drive
Fort Worth, TX 76118

SUBJECT: PARAGON ENERGY SOLUTIONS, LLC - U.S. NUCLEAR REGULATORY
COMMISSION REVIEW RELATED TO EXPORT OF REACTOR
COMPONENTS AND NOTICE OF VIOLATION

Dear Mr. Dale:

This letter refers to the U.S. Nuclear Regulatory Commission (NRC) review of Paragon Energy Solutions, LLC (Paragon) export records conducted from July 2024 through March 2025. The review examined Paragon's export of nuclear components to the United Arab Emirates (UAE) without an export license. The review was initiated after Paragon submitted a voluntary self-disclosure letter, dated July 3, 2024 (Agencywide Document Access and Management System (ADAMS) Accession No. ML24193A053). On November 18, 2024, the NRC submitted a request for additional information to Paragon. By letter, dated January 13, 2025, Paragon provided the additional information (ML25090A093). Subsequently, the NRC conducted additional reviews to determine whether Paragon was in compliance with applicable requirements for exporting nuclear components. On March 31, 2025, Ms. Joanne Savoy of the NRC discussed the preliminary results of your review with you and details of the review were provided to you in an NRC letter, dated April 15, 2025, (ADAMS No. ML25091A308).

In the NRC letter dated April 15, 2025, we provided you with the opportunity to address the apparent violation by either attending a predecisional enforcement conference, or by providing a written response before we made our final enforcement decision. In a letter dated May 15, 2025 (ADAMS No. ML25135A437), you provided your written response to the apparent violations.

Based on the information developed during our review of records, discussions with you on March 31, 2025, and your response to the April 15, 2025, letter, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding the violation are described below in this letter. The violation involved Paragon's failure to obtain a specific license before exporting nuclear components to the UAE.

The failure to obtain a specific license before exporting high risk sources raises significant regulatory concerns. Specifically, the NRC considers the export to be significant because it impacted the NRC's ability to perform its regulatory oversight function and wherein the U.S. Government would have requested Executive Branch views, prior to granting the license, due to foreign policy considerations and public health and safety and security implications. Therefore, this violation has been categorized in accordance with the NRC Enforcement Policy at Severity Level III. The current Enforcement Policy can be found on the NRC's website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>.

In accordance with the NRC Enforcement Policy, a base civil penalty in the amount of \$9,000 is considered for a Severity Level III violation.

Because your facility has not been the subject of an escalated enforcement action, the NRC considered whether credit was warranted for *Corrective Action* in accordance with the civil penalty assessment process in Section 2.3.4 of the NRC Enforcement Policy. The NRC has determined that *Corrective Action* credit is warranted based on the corrective actions you implemented as described in your letter dated May 15, 2025.

Therefore, in recognition of the absence of previous escalated enforcement action, and your prompt and comprehensive corrective actions, I am not proposing a civil penalty in this case. However, significant violations in the future could result in a civil penalty. In addition, issuance of this Severity Level III violation constitutes escalated enforcement action that may subject you to increased NRC oversight.

The NRC has concluded that information regarding: (1) the reason for the violation; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in your letter dated May 15, 2025. Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter, the enclosure, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or in the NRC's ADAMS, accessible from the NRC website 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. The NRC also includes significant enforcement actions on its website at <http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions>.

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Should you have any questions, please contact Ms. Andrea Ferkile at 301-287-9084 or Ms. Joanne Savoy at 301-287-9092.

Sincerely,

A handwritten signature in dark ink, appearing to read "D.L. Pelton", followed by a horizontal line extending to the right.

Signed by Pelton, David
on 06/17/25

David L. Pelton, Director
Office of Enforcement

Enclosure:
Notice of Violation

NOTICE OF VIOLATION

Paragon Energy Solutions
Fort Worth, TX

EAO-OIP-2025-0093

During a U.S. Nuclear Regulatory Commission (NRC) in-office review of records that was completed in March 2025, one violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 110.5 states, in part, that no person may export any nuclear equipment or materials listed in 10 CFR 110.8, unless authorized by a general or special license issued under 10 CFR 110.

10 CFR 110.20(a) states that a person may use an NRC general license as authority to export or import nuclear equipment or material, if the nuclear equipment or material to be exported or imported is covered by the NRC general licenses described in Sections 110.21 through 110.27. If an export or import is not covered by an NRC general license, a person must file an application for a specific license in accordance with 10 CFR 110.31 through 110.32.

Contrary to the above, on or about September 2022 to July 2023, Paragon exported nuclear equipment listed in 10 CFR 110.8 and not authorized by an NRC general license without a specific license. Specifically, Paragon exported 5 neutron flux monitors to United Arab Emirates that were not authorized by a general license and without filing an application for a specific license, in accordance with 10 CFR 110.31 through 110.32. This is a Severity Level III violation (NRC Enforcement Policy, Section 6.15 c.4)

The NRC has concluded that information regarding: (1) the reason for the violation; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket on May 15, 2025.

However, if the description therein does not accurately reflect your position or your corrective actions, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 within 30 days of the date of the letter transmitting this Notice of Violation. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation; EAO-OIP-2025-0093," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to David Skeen, Director, Office of International Programs.

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.

If you choose to respond, 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 website at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, the response should not include any personal privacy or proprietary information so that it can be made available to the public without redaction.

Enclosure

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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 that such material is withheld from public disclosure, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the basis for your claim (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 17th day of June 2025