



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

August 17, 2005

Docket No. 03031956

License No. 37-28586-01

Wayne D. Applegate
Radiation Safety Officer
Epsilon Products Company
P. O. Box 432
Marcus Hook, PA 19061

SUBJECT: INSPECTION 03031956/2005001, EPSILON PRODUCTS COMPANY,
MARCUS HOOK, PENNSYLVANIA SITE AND NOTICE OF VIOLATION

Dear Mr. Applegate:

On June 29, 2005, Dick Ladun of this office conducted a safety inspection at the above address of activities authorized by the above listed NRC license. The inspection was an examination of your licensed activities as they relate to radiation safety and to compliance with the Commission's regulations and the license conditions. The inspection consisted of observations by the inspector, interviews with personnel, and a selected examination of representative records. The findings of the inspection were discussed with of your organization at the conclusion of the inspection.

Based on the results of this inspection, it appears that your activities were not conducted in full compliance with NRC requirements. A Notice of Violation is enclosed that categorizes each violation by severity level. You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. In your response, you should document the specific actions taken and any additional actions you plan to prevent recurrence. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. After reviewing your response to this Notice, including your proposed corrective actions and the results of future inspections, the NRC will determine whether further NRC enforcement action is necessary to ensure compliance with NRC regulatory requirements.

Item A in the Notice of Violation enclosed with this letter was identified during a previous inspection of your licensed activities and documented in a Notice of Violation enclosed with our letter dated July 13, 1999. From this inspection, it appears that your corrective actions were not effective since these items have recurred. Recurrent and uncorrected violations are given additional weight in the consideration and selection of appropriate enforcement action. Therefore, in your response to this letter, you should give particular attention to those actions taken or planned to ensure that identified items of noncompliance will be completely corrected and will not recur.

Current NRC regulations are included on the NRC's website at www.nrc.gov; select **Nuclear Materials; Medical, industrial, and academic uses of nuclear material**; then **toolkit index page**. The Current General Policy and Procedure for NRC Enforcement Actions are included on the NRC's website at www.nrc.gov; select **What We Do, Enforcement**, then **Enforcement**

W. Applegate
Epsilon Products Company

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Policy. Or you may obtain these documents by contacting the Government Printing Office (GPO) toll-free at 1-888-293-6498. The GPO is open from 7:00 a.m. to 9:00 p.m. EST, Monday through Friday (except Federal holidays).

Your cooperation with us is appreciated.

Sincerely,

Original signed by John D. Kinneman

John D. Kinneman, Chief
Security and Industrial Branch
Division of Nuclear Materials Safety

Enclosure:
Notice of Violation

cc:
Commonwealth of Pennsylvania

Distribution:
D. J. Holody, RI

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SISP Review Complete: (JDKinneman)

After declaring this document "An Official Agency Record" it will be released to the Public.

OFFICE	DNMS/RI	N	DNMS/RI	N	DNMS/RI			
NAME	RLadun		JDKinneman/JDK					
DATE	08/11/2005		08/17/2005					

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Epsilon Products Company
Marcus Hook, PA

Docket No. 03031956
License No. 37-28586-01

During an NRC inspection conducted on June 29, 2005, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. 10 CFR 20.1101(c) requires that the license periodically, at least annually, review the radiation protection program content and implementation.

Contrary to the above, as of June 29, 2005 the license did not review the radiation protection program content and implementation in 2003 and 2004.

This is a Severity Level IV violation (Supplement IV).

- B. 10 CFR 30.50 (b) (2) requires that the licensee notify the NRC within 24 hours of an event in which equipment is disabled or fails to function as designed when the equipment is required to prevent exposure to radiation exceeding regulatory limits.

Contrary to the above, on December 27, 2004, the licensee failed to notify the NRC within 24 hours of an event in which equipment was disabled and then failed to function as designed when the equipment was required to prevent exposure to radiation exceeding regulatory limits. Specifically, an authorized user tried to close a source holder shutter on a 40 millicurie Cesium-137 fixed level gauge with a wrench which caused the shutter bolts to shear rendering the shutter mechanism inoperable.

This is a Severity Level IV violation (Supplement IV).

Pursuant to the provisions of 10 CFR 2.201, Epsilon Products Company is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, with a copy to the Regional Administrator, Region I, 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 for each violation: (1) the reason for the violation, or, if contested, the basis for disputing the violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, 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 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 to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001. Under the authority of Section 182 of the Act, 42 U.S.C. 2232,

any response which contests an enforcement action shall be submitted under oath or affirmation.

Your response will be placed in the NRC Public Document Room (PDR) and on the NRC Web site. To the extent possible, it should, therefore, not include any personal privacy, proprietary, or safeguards information so that it can be made publically available without redaction. However, if you find it necessary to include such information, you should clearly indicate the specific information that you desire not to be placed in the PDR, and provide the legal basis to support your request for withholding the information from the public.

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

Dated This 17th day of August 2005