



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

August 12, 2011

Mr. Mark Reed, General Foreman
Fairbanks Gold Mining, Inc.
P.O. Box 73726
Fairbanks, Alaska 99707-3726

SUBJECT: NRC INSPECTION REPORT 030-34080/2011-001 AND NOTICE OF VIOLATION

Dear Mr. Reed:

This refers to the inspection conducted on July 28, 2011, at the Fairbanks Gold Mine (Fort Knox) in Fairbanks, Alaska. The inspection was an examination of activities conducted under byproduct material License 50-29098-01 as it relates to safety and security and compliance with the Commission's rules and regulations and with the conditions of the license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel. The inspection findings were discussed with you at the conclusion of the onsite inspection.

Based on the results of this inspection, the NRC has determined that four violations of NRC requirements occurred. These violations were evaluated in accordance with the NRC Enforcement Policy included on the NRC's Web site at www.nrc.gov/about-nrc/regulatory/enforcement.html. These violations involved the failures to perform: (1) physical inventories; (2) leak tests; (3) shutter checks; and (4) annual audits of the radiation protection program. The violations are cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding them are described in the enclosed Notice. These violations are being cited in the Notice because they were identified by the NRC, rather than being self-identified by the licensee.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. For your consideration and convenience, NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," is enclosed. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, Enclosure 1, and 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 Web site at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

Should you have any questions concerning this inspection, please contact Mr. James Thompson at 817-276-6538 or the undersigned at 817-860-8130.

Sincerely,

/RA/ by JEWhitten acting for

G. Michael Vasquez, Chief
Nuclear Materials Safety Branch A

Docket: 030-34080
License: 50-29098-01

Enclosures:

1. Notice of Violation (Notice)
2. NRC Information Notice 96-28

cc w/Enclosure 1:
Alaska Radiation Control Program Director

Internal distribution via e-mail:

E. Collins, RA

R. Caniano, D: DNMS

M. Vasquez C: DNMS/NMSB-A

J. Whitten, C: DNMS/NMSB-B

M. Herrera, Fee Coordinator

R4DNMS_MS-A

Hard Copy:

RIV Materials Docket File

DNMS Secretarial File

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		<input checked="" type="checkbox"/> Publicly Available		<input checked="" type="checkbox"/> Non-Sensitive	
		Non-publicly Available		Sensitive	
RIV:NMSB-A	C:NMSB-A				
JLThompson;dlf	GMVasquez				
/RA/	JEWhitten for				
8/12/11	8/12/11				

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NOTICE OF VIOLATION

Fairbanks Gold Mining, Inc.
Fairbanks, Alaska

Docket 030-34080
License 50-29098-01

During an NRC inspection conducted on July 28, 2011, four violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. Condition 15 of NRC License 50-29098-01, Amendment 5, states, 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. Additionally, this license condition requires that records of these inventories shall be maintained for 5 years from the date of each inventory.

Contrary to the above, the licensee failed to conduct a physical inventory every 6 months to account for all sealed sources and/or devices received and possessed under the license. Specifically, the licensee stated that physical inventories had been performed at 12-month intervals since the previous inspection in September 2006. Additionally, there were no records of these physical inventories available for inspection. The licensee stated that the records had been lost during an office move.

This is a Severity Level IV violation (Section 6.3).

- B. Condition 13 of NRC License 50-29098-01, Amendment 5, states, in part, that sealed sources shall be tested for leakage and/or contamination at intervals not to exceed the intervals specified in the certificate of registration. Additionally, the license condition states that records of these leak tests shall be maintained for 3 years.

Contrary to the above, the licensee failed to test sealed sources for leakage and/or contamination at intervals not to exceed the intervals specified in the certificate of registration. Specifically, 12 of the 17 fixed gauges containing sealed sources possessed by the licensee were required to be leak tested at 6-month intervals, according to their certificate of registration. The licensee stated that the leak tests had been performed at 12-month intervals on these sealed sources since the date of the previous inspection in September 2006. Additionally, there were no records of these leak tests available for inspection. The licensee stated that the records had been lost during an office move.

This is a Severity Level IV violation (Section 6.7).

- C. Condition 16 of NRC License 50-29098-01, Amendment 5, states, in part, that each gauge shall be tested for the proper operation of the on-off mechanism (shutter) and indicator at intervals not to exceed 6 months.

Contrary to the above, the licensee failed to test each gauge for the proper operation of the on-off mechanism (shutter) and indicator at intervals not to exceed 6 months. Specifically, the licensee stated that the shutter tests had been performed at 12-month intervals on the fixed nuclear gauges since the date of the previous inspection in September 2006, instead of the required 6-month frequency.

This is a Severity Level IV violation (Section 6.3).

- D. 10 CFR 20.1101(c) requires the licensee to periodically (at least annually) review the radiation protection program content and implementation.

Contrary to the above, the licensee failed to periodically (at least annually) review the radiation protection program content and implementation. Specifically, the licensee stated that there had not been an annual audit performed since the previous inspection in September 2006, a period greater than 12 months.

This is a Severity Level IV violation (Section 6.7).

In accordance with the provisions of 10 CFR 2.201, Fairbanks Gold Mining, Inc., 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 (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 or severity level, (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, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

Because 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 www.nrc.gov/reading-rm/pdr.html or 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. 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.

Dated this 12th day of August 2011