

June 15, 2012

Mr. John E. Edlebeck, Vice President
Coleman Engineering Company
635 Circle Drive
Iron Mountain, MI 49801

SUBJECT: NRC ROUTINE INSPECTION REPORT NO. 03011942/12-001(DNMS) AND
NOTICE OF VIOLATION – COLEMAN ENGINEERING COMPANY.

Dear Mr. Edlebeck:

On May 15, 2012, inspectors from the U.S. Nuclear Regulatory Commission (NRC) conducted a routine inspection at your facility in Iron Mountain, Michigan, with continuing in-office review through May 24, 2012. The purpose of the inspection was to review activities performed under your NRC license to ensure that activities were being performed in accordance with NRC requirements. The in-office review included a review of documents associated with your license. A final exit meeting was held between Mr. Kulzer and Mr. Craffey of my staff and yourself by telephone on May 24, 2012.

During this inspection, the NRC staff examined activities conducted under your license related to public health and safety. Additionally, the staff examined your compliance with the Commission's rules and regulations as well as the conditions of your license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of this inspection, the NRC has determined that two Severity Level IV violations of NRC requirements occurred. The violations were evaluated in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are detailed below. The NRC is citing the violations in the Notice because the inspectors identified the violations.

The first violation concerned the failure to store licensed materials only at authorized locations, as required by Title 10 of the Code of Federal Regulations (CFR) Part 30.34(c). You indicated during the inspection that a temporary job site in Negaunee, Michigan, is now utilized as a permanent storage location, i.e. a location of use. However, you did not request an amendment to the license prior to deeming the site a location of use. As a result, your current license does not authorize gauge storage in Negaunee. The root cause of this violation was the Radiation Safety Officer's (RSO) lack of understanding of the requirement to amend your license to authorize a new permanent storage location prior to storing licensed materials there indefinitely. As a corrective action, you submitted an amendment request to add the Negaunee location of use to your license on May 25, 2012.

The second violation concerned the failure to review the radiation protection program content and implementation at least annually as required by 10 CFR 20.1101(c). The last audit of your program was performed in June of 2009, nearly three years ago. The root cause of this violation was the RSO's lack of understanding that such program reviews are required on an annual basis. As a corrective action, you committed to perform and document audits in the future on an annual basis.

As such, you are now in compliance with NRC requirements.

The NRC has concluded that information regarding the reason for the violations, the corrective actions taken and planned to correct the violations and prevent recurrence, and the date when full compliance will be achieved is already adequately addressed on the docket in this letter. Therefore, you are not required to respond to this letter unless the description herein 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 "Rules of Practice," a copy of this letter, its 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 from the NRC Agencywide Documents Access and Management System (ADAMS), accessible from the NRC 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.

Sincerely,

/RA/

Hironori Peterson, Acting Chief
Materials Inspection Branch
Division of Nuclear Materials Safety

Docket No. 030-11942
License No. 21-16955-01

Enclosure:
Notice of Violation

cc (w/encl): State of Michigan

The second violation concerned the failure to review the radiation protection program content and implementation at least annually as required by 10 CFR 20.1101(c). The last audit of your program was performed in June of 2009, nearly three years ago. The root cause of this violation was the RSO's lack of understanding that such program reviews are required on an annual basis. As a corrective action, you committed to perform and document audits in the future on an annual basis.

As such, you are now in compliance with NRC requirements.

The NRC has concluded that information regarding the reason for the violations, the corrective actions taken and planned to correct the violations and prevent recurrence, and the date when full compliance will be achieved is already adequately addressed on the docket in this letter. Therefore, you are not required to respond to this letter unless the description herein 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 "Rules of Practice," a copy of this letter, its 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 from the NRC Agencywide Documents Access and Management System (ADAMS), accessible from the NRC 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.

Sincerely,

/RA/

Hironori Peterson, Acting Chief
Materials Inspection Branch
Division of Nuclear Materials Safety

Docket No. 030-11942
License No. 21-16955-01

Enclosure:
Notice of Violation

cc w/encl: State of Michigan

DISTRIBUTION w/ encl:

Anne Boland
Jack Geissner
Steven Orth

Carole Ariano
Paul Pelke
Patricia Buckley

Tammy Tomczak
MIB Inspectors

*See previous concurrence

ADAMS Accession Number: ML12171A266

DOCUMENT NAME: G:\DNMS\Work in progress\IR- Coleman Engineering and NOV.doc

☒ Publicly Available ☐ Non-Publicly Available ☐ Sensitive ☒ Non-Sensitive

To receive a copy of this document, indicate in the concurrence box "C" = Copy without attach/encl "E" = Copy with attach/enc "N" = No copy

OFFICE	RIII DNMS		RIII DNMS		RIII DNMS				
NAME	RJCraffey: jm RJC		ELKulzer ELK		HXPeterson HP				
DATE	06/11/12		06/11/12		06/15/12				

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

Coleman Engineering Company
Iron Mountain, MI

Docket No. 030-11942
License No. 21-16955-01

During a U.S. Nuclear Regulatory Commission (NRC) inspection conducted on May 15, 2012, with continuing in-office review through May 24, 2012, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

Title 10 of the Code of Federal Regulations (10 CFR) Part 30.34(c) requires that each licensee confine his possession and use of byproduct materials to the locations and purposes authorized by the license.

Contrary to the above, as of May 15, 2012, the licensee failed to confine its possession of byproduct material to the locations authorized by the license. Specifically, the licensee permanently stored one gauge in Negaunee, Michigan, a location not authorized as a permanent storage location by the license.

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

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

Contrary to the above, as of May 15, 2012, the licensee failed to review the radiation protection program content and implementation at least annually. Specifically, the licensee had not reviewed the content and implementation of its program since June of 2009.

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

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken and planned to correct the violation and prevent recurrence, and the date when full compliance was achieved, is already adequately addressed on the docket in the letter transmitting this Notice of Violation (Notice). However, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 if the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation, IR 03011942/12-001(DNMS)," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Regional Administrator, Region III, within 30 days of the date of the letter transmitting this Notice.

If you choose to respond, your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction.

Enclosure

Notice of Violation

-2-

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

Dated this 15th day of June 2012.