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**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION IV
1600 E LAMAR BLVD
ARLINGTON, TX 76011-4511

August 20, 2014

EA-14-138

Sameer K. Jetly, President/CEO
Industrial Nuclear Company, INC.
300 Highway 146 North
La Porte, TX 77571

SUBJECT: NRC INSPECTION REPORT 03038652/2013001

Dear Mr. Jetly:

This letter refers to the announced, initial inspection performed on December 12, 2013, at your facility in La Porte, Texas, with continued office reviews through May 9, 2014. The inspection reviewed your activities as they relate to security, and to compliance with the Nuclear Regulatory Commission's (NRC) rules, regulations, and orders. Within these areas, the inspectors reviewed selected procedures and records, observed activities, and interviewed personnel. The preliminary inspection findings were discussed with you and members of your staff at the conclusion of the onsite inspection. A final telephonic exit briefing was conducted with you and members of your staff on May 9, 2014. The enclosed report presents the results of this inspection.

Based on the results of this inspection, one or more apparent violations were identified and are being considered for escalated enforcement action 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 circumstances surrounding the apparent violations, the significance of the issues, and the need for lasting and effective corrective action were discussed with you and members of your staff during the exit briefing on May 9, 2014. As a result, it may not be necessary to conduct a predecisional enforcement conference in order to enable the NRC to make an enforcement decision. In addition, since your facility has not been the subject of escalated enforcement actions within the last 2 years, and based on our understanding of your corrective action, a civil penalty may not be warranted in accordance with Section 2.3.4 of the Enforcement Policy. The final decision will be based on you confirming on the license docket that the corrective actions previously described to the NRC staff have been or are being taken.

Before the NRC makes a final enforcement decision on this matter, you may choose to (1) respond, in writing, to the apparent violations addressed in this inspection report within 30 days of the date of this letter, or (2) request a predecisional enforcement conference (PEC). If you request a PEC, it should be held within 30 days of the date of this letter. The NRC may issue a press release to announce the time and date of the conference; however, it will be

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closed to public observation since Security-Related Information will be discussed. Please contact Michael Vasquez, Chief, Nuclear Materials Safety Branch A, at 817-200-1130 within 10 days of the date of this letter to let us know whether you plan to respond in writing or request a PEC.

If you choose to provide a written response, it should be clearly marked as a "Response to Apparent Violations in Inspection Report 03038652/2013001; EA-14-138," and should include: (1) the reason for the apparent violation, or, if contested, the basis for disputing the apparent 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 previously docketed correspondence, if the correspondence adequately addresses the required response. The guidance in NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," may be helpful. You can find the Information Notice on the NRC Web site at: <https://www.nrc.gov/reading-rm/doc-collections/gen-comm/info-notices/1996/in96028.html>. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a pre-decisional enforcement conference.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on these matters and any other information that you believe the NRC should take into consideration before making an enforcement decision. 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 would be conducted to obtain information to assist the NRC in making an enforcement decision. The topics discussed during the conference may include the following: information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any corrective actions taken or planned to be taken. In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violation.

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. You will be advised by separate correspondence of the results of our deliberations on this matter.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter, when separated from enclosed inspection report, will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. However, the inspection report enclosed herewith contains Security-Related Information and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosure will not be made available electronically for public inspection in the NRC Public Document Room or from ADAMS. This enclosure to this letter must be protected from unauthorized disclosure. If Security-Related Information is necessary to provide an acceptable response, please mark your entire response Security-Related Information in accordance with 10 CFR 2.390(d)(1) and follow

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the instructions for withholding in 10 CFR 2.390(b)(1). In accordance with 10 CFR 2.390(b)(1)(ii), the NRC is waiving the affidavit requirements for your response. Security-Related Information is also discussed in Regulatory Information Summary RIS-2005-031, "Control of Security-Related Sensitive Unclassified Non-Safeguards Information" (ML053480073), which is available on the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions concerning this matter, please contact Mr. Vasquez at 817-200-1130.

Sincerely,

/RA/LLHowell for

Mark Shaffer, Director
Division of Nuclear Materials Safety

License: TX L04508
Docket: 030-38652

Nonpublic Enclosure:
NRC Inspection Report 03038652/2013001

cc w/Enclosure:
Director, Texas Radiation Control Program

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