



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

July 7, 2016

EA-15-173
EA-14-062

Mr. John Lockwood, President
Acuren USA
43 Arch Street
Greenwich, CT 06830

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL
PENALTY - \$7,000; NRC INSPECTION REPORT 030-38596/2014-001 AND
OFFICE OF INVESTIGATIONS REPORT 04-2014-043

Dear Mr. Lockwood:

This letter refers to the routine, unannounced inspection of your field station in Kenai, Alaska, on April 10, 2014, and a continuation of the inspection at your Anchorage, Alaska, field station on April 14, 2014. The purpose of the inspection was to determine whether activities authorized under your license were conducted safely and in accordance with the U.S. Nuclear Regulatory Commission (NRC) requirements.

Based on the results of the inspection, the NRC issued a Confirmatory Action Letter on April 24, 2014 (Agencywide Documents Access and Management System (ADAMS) Accession ML14114A765), and performed a subsequent reactive inspection on May 5-8, 2014, at your Anchorage and Kenai field stations. In addition, the NRC's Office of Investigations initiated an investigation on August 21, 2014. The purpose of the investigation was to determine, in part, if licensee employees willfully failed to conduct radiographic operations in accordance with NRC regulations. The results of the inspection and investigation, and details regarding the apparent violations were provided in NRC Inspection Report 030-38596/2014-001, dated March 24, 2016 (ML15351A525).

On May 12, 2016, a predecisional enforcement conference (PEC) was conducted in the NRC Region IV office with members of your staff to discuss the apparent violations, their significance, their root causes, and your corrective actions. The conference was closed to public observation because we discussed the findings of an Office of Investigations report that has not been publicly disclosed. The conference summary, including a list of attendees, is documented in the NRC PEC summary, which can be found in ADAMS (ML16139A807).

Based on the information developed during the inspection and the investigation, and the information that you provided during the conference, the NRC has determined that seven violations of NRC requirements occurred. These violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the subject inspection report. Specifically, the NRC identified multiple failures of Acuren USA to conduct its radiation safety program in accordance with NRC rules and regulations pertaining to the performance of industrial radiographic operations.

The NRC has determined that willfulness was associated with violations A and B. Therefore, these violations are categorized collectively in accordance with the NRC Enforcement Policy as a Severity Level III problem. In accordance with the Enforcement Policy, a base civil penalty of \$7,000 is considered for a Severity Level III problem.

Because of the associated willfulness, the NRC considered whether credit was warranted for identification and corrective action in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. The NRC determined that identification credit is not warranted because the violations were identified by the NRC during the April 10, 2014, inspection. The NRC determined that credit is warranted for Acuren USA's extensive corrective actions taken to address the violations. The corrective actions are detailed in letters dated May 14, 2014 (ML14136A042) and June 13, 2014 (ML14167A185), and the predecisional enforcement conference summary (ML16139A807).

Therefore, to emphasize the importance of compliance with regulatory requirements and of prompt and comprehensive correction of violations, I have been authorized, after consultation with the Director, Office of Enforcement, to issue the enclosed Notice of Violation and Proposed Imposition of Civil Penalty in the base amount of \$7,000 for the Severity Level III problem. In addition, issuance of this Notice constitutes escalated enforcement action that may subject you to increased inspection effort.

The NRC determined that violations C through F resulted from the same root cause associated with deficiencies in the radiation safety program. Therefore, these violations are categorized collectively in accordance with the NRC Enforcement Policy as a Severity Level III problem. Because your facility has not been the subject of escalated enforcement actions within the last two inspections, and willfulness was not associated with violations C through F, the NRC considered whether credit was warranted for your Corrective Action in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. The NRC considered the information you provided during the PEC on May 12, 2016, and determined that corrective action credit is warranted.

Based on the results of the inspection and the information that you provided during the conference, the NRC has also determined that an additional Severity Level IV violation of NRC requirements occurred. This violation (violation G) is categorized as a Severity Level IV violation in accordance with the Enforcement Policy, and is described in the subject inspection report.

If you disagree with this enforcement sanction, you may deny the problems and the violation, as described in the Notice, or you may request alternative dispute resolution (ADR) with the NRC in an attempt to resolve this issue. ADR is a general term encompassing various techniques for resolving conflicts using a neutral third party. The technique that the NRC has decided to employ is mediation. Mediation is a voluntary, informal process in which a trained neutral mediator works with parties to help them reach resolution. If the parties agree to use ADR, they select a mutually agreeable mediator who has no stake in the outcome and no power to make decisions. Mediation gives parties an opportunity to discuss issues, clear up misunderstandings, be creative, find areas of agreement, and reach a final resolution of the issues.

Additional information concerning the NRC's ADR program can be found at <http://www.nrc.gov/about-nrc/regulatory/enforcement/adr.html>. The Cornell University Institute on Conflict Resolution has agreed to facilitate NRC's program as the program administrator. If you are interested in pursuing this issue through the ADR program, please contact the Institute on

Conflict Resolution at (877) 733-9415 and Ray Kellar, Chief, Nuclear Materials Safety Branch A, at (817) 200-1191 within 10 days of the date of this letter. Your submitted signed agreement to mediate using the NRC's ADR program will stay the 30-day time period for payment of the civil penalty and the required written response, as identified in the enclosed Notice, until the ADR process is completed.

The NRC has concluded that information regarding: (1) the reason for the violations; (2) the corrective actions that have been taken and the results achieved; (3) the corrective actions that will be taken; and (4) the date when full compliance was achieved is already adequately addressed on the docket in NRC Inspection Report 030-38596/2014-001; the letters dated May 14, and June 13, 2014; and the information obtained during the PEC. Therefore, you are not required to respond to this letter unless the description 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, its enclosures, 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 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 or proprietary information so that it can be made available to the public without redaction. The NRC also includes significant enforcement actions on its Web site at <http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions/>.

If you have any questions concerning this matter, please contact Mr. Kellar at (817) 200-1191.

Sincerely,

/RA/

Kriss M. Kennedy
Regional Administrator

Docket: 030-38596
License: 50-32443-01

Enclosure:
Notice of Violation and Proposed
Imposition of Civil Penalty

cc: Clyde Pearce, Chief
Radiological Health Program
Section of Laboratories
State of Alaska/DH&SS
5455 Dr. Martin Luther King, Jr. Ave.
Anchorage, AK 99507-1270

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Docket: 030-38596
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| OFFICE | RIV/DNMS | C:NMSB-A | ACES:TL | RIV/RC | |
| NAME | JLThompson | RLKellar | MHay | KSFuller w/comments | |
| SIGNATURE | /RA/ | /RA/ | /RA/ | /RA/ | |
| DATE | 05/25/16 | 05/25/16 | 06/08/16 | 05/31/16 | |
| OFFICE | OGC | OE | D:DNMS | RA | |
| NAME | LBaer | SWoods | MRShaffer | KMKennedy | |
| SIGNATURE | Email | Email | /RA/ | /RA/ | |
| DATE | 06/21/16 | 06/21/16 | 06/28/16 | 07/07/16 | |

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Letter to J. Lockwood from K. Kennedy dated July 7, 2016

SUBJECT: NOTICE OF VIOLATION AND PROPOSED IMPOSITION OF CIVIL
PENALTY - \$7,000; NRC INSPECTION REPORT 030-38596/2014-001 AND
OFFICE OF INVESTIGATIONS REPORT 04-2014-043

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NOTICE OF VIOLATION
AND
PROPOSED IMPOSITION OF CIVIL PENALTY

Acuren USA
Kenai and Anchorage, Alaska

Docket: 030-38596
License: 50-32443-01
EA-14-062 and EA-15-173

During an NRC inspection conducted between April 10, 2014, and January 28, 2016, seven violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the NRC proposes to impose a civil penalty pursuant to Section 234 of the Atomic Energy Act of 1954, as amended (Act), 42 U.S.C. 2282, and 10 CFR 2.205. The particular violations and associated civil penalty are set forth below:

- A. License Condition 19.A of NRC License 50-32443-01 requires, in part, that the licensee shall conduct its program in accordance with the statements, representations, and procedures contained in the application dated November 24, 2012.

Section 6.1.1, Restricted Area Defined, of the licensee's Radiographic Operation and Emergency Manual, which was submitted as part of the licensee's application described above, states, in part, that a radiation restricted area is any area utilized for the purpose of performing industrial radiography, which must have access controlled when the radiation levels in the area exceed 2 millirem in any one hour.

Section 6.1.2, Posting and Control, states, in part, that the radiographer and assistant radiographers must keep the radiation restricted area perimeters under constant surveillance during the exposure of source material.

10 CFR 34.51 requires, in part, that during each radiographic operation the radiographer, or other individual present, shall maintain continuous direct visual surveillance of the operation to protect against unauthorized entry into a high radiation area.

Contrary to the above, on April 10, 2014, the licensee failed to keep the radiation restricted area perimeter and the high radiation area under constant surveillance during radiographic operations. Specifically, radiographic operations were performed inside the shop at the licensee's Kenai, Alaska facility without maintaining constant surveillance of the radiation restricted area and high radiation area outside of the shop.

- B. 10 CFR 34.53 requires, in part, that all areas in which industrial radiography is being performed must be conspicuously posted as required by 10 CFR 20.1902(a) and (b).

10 CFR 20.1902(a) requires, in part, that the licensee shall post each radiation area with a conspicuous sign or signs bearing the radiation symbol and the words "CAUTION, RADIATION AREA."

10 CFR 20.1902(b) requires, in part, that the licensee shall post each high radiation area with a conspicuous sign or signs bearing the radiation symbol and the words "CAUTION, HIGH RADIATION AREA" or "DANGER, HIGH RADIATION AREA."

Enclosure

Contrary to the above, on April 10, 2014, the licensee did not conspicuously post the radiation area or the high radiation area around the shop, where industrial radiography was being performed. Specifically, radiographic exposures were made inside the shop, and the licensee did not conspicuously post the area outside of the shop with radiation area signs and high radiation area signs.

This is a Severity Level III Problem (Section 6.3).
Civil Penalty - \$7,000. (EA-15-173)

- C. 10 CFR 20.1302(b)(1) requires, in part, that a licensee shall show compliance with the annual dose limit for individual members of the public in §20.1301 by demonstrating by measurement or calculation that the total effective dose equivalent to the individual likely to receive the highest dose from the licensed operation does not exceed the annual dose limit.

Contrary to the above, on April 10, 2014, the licensee had failed to demonstrate by measurement or calculation that the total effective dose equivalent to the individual member of the public likely to receive the highest dose does not exceed the annual dose limit in 10 CFR 20.1301. This measurement or calculation had not been conducted for the storage locations at the Anchorage and Kenai offices, nor during radiographic operations on April 10, 2014.

- D. 10 CFR 34.43(e) requires, in part, that the radiation safety officer or designee shall conduct an inspection program of the job performance of each radiographer and radiographer's assistant to ensure that the Commission's regulations, license requirements, and the applicant's operating and emergency procedures are followed. The inspection program must include the observation of the performance of each radiographer and radiographer's assistant during an actual industrial radiographic operation, at intervals not to exceed 6 months.

Contrary to the above, on April 10, 2014, the licensee had failed to conduct an inspection program of the job performance of each radiographer and radiographer's assistant to ensure that the Commission's regulations, license requirements, and the applicant's operating and emergency procedures were followed. Specifically, the licensee had failed to conduct an inspection program of the job performance (to include the observation of the performance of each radiographer during an actual industrial radiographic operation) of two radiographers in Calendar Year 2013, and two other radiographers between June 2013 and February 2014, a period that exceeded 6 months.

- E. 10 CFR 20.1101(c) requires, in part, that the licensee 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, reviews were not conducted from February 2012 through May 2014, an interval that exceeded 12 months.

- F. 10 CFR 34.43(d) requires, in part, that the licensee shall provide annual refresher safety training for each radiographer and radiographer's assistant at intervals not to exceed 12 months.

Contrary to the above, the licensee failed to provide annual refresher safety training for each radiographer and radiographer's assistant at intervals not to exceed 12 months. Specifically, the licensee did not provide annual refresher safety training to two radiographers between December 2012 and April 2014, an interval in excess of 12 months.

This is a Severity Level III problem (Section 6.3).

- G. 10 CFR 71.5(a) requires, in part, that each licensee who transports licensed material outside of the site of usage, as specified in the NRC license, or where transport is on public highways, or who delivers licensed material to a carrier for transport, shall comply with the applicable requirements of the Department of Transportation regulations in 49 CFR Parts 171 through 180, appropriate to the mode of transport.

49 CFR 172.702 requires, in part, that a hazmat employer shall ensure that each of its hazmat employees is trained and tested in accordance with the requirements prescribed in Subpart H of 49 CFR 172.

49 CFR 172.704(c)(2) requires, in part, that a hazmat employee receive recurrent training at least once every 3 years.

Contrary to the above, the licensee failed to ensure that two hazmat employees received recurrent training at least once every 3 years. Specifically, the training records for two radiographers, who had transported radiography cameras containing hazardous material, indicated that the hazmat employees did not receive recurrent hazmat training between October 2010 and April 2014, a period exceeding 3 years.

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

The NRC has concluded that the information regarding the reasons for the violations, the corrective actions taken and planned to take to correct the violations and prevent recurrence, and the date when full compliance was achieved, is already adequately addressed on the docket in NRC Inspection Report 030-38596/2014-001; the letters dated May 14, 2014 (ML14136A042) and June 13, 2014 (ML14167A185); and the information obtained during the predecisional enforcement conference held on May 12, 2016, which is documented in the predecisional enforcement conference summary (ML16139A807).

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, EA-15-173", and send it to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville, MD 20852-2738, with a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV, 1600 East Lamar Blvd., Arlington, Texas 76011-4511; and a copy to the Document Control Desk, Washington, DC 20555-0001.

The licensee may pay the civil penalty proposed above in accordance with NUREG/BR-0254 and by submitting to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, a statement indicating when and by what method payment was made, or may protest imposition of the civil penalty in whole or in part, by a written answer addressed to the Director, Office of

Enforcement, U.S. Nuclear Regulatory Commission, within 30 days of the date of this Notice. Should the licensee fail to answer within 30 days of the date of this Notice, the NRC will issue an order imposing the civil penalty. Should the licensee elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalty, in whole or in part, such answer should be clearly marked as an "Answer to a Notice of Violation" and may: (1) deny the violations listed in this Notice, in whole or in part; (2) demonstrate extenuating circumstances; (3) show error in this Notice; or (4) show other reasons why the penalty should not be imposed. In addition to protesting the civil penalty in whole or in part, such answer may request remission or mitigation of the penalty.

In requesting mitigation of the proposed penalty, the response should address the factors addressed in Section 2.3.4 of the Enforcement Policy. Any written answer addressing these factors pursuant to 10 CFR 2.205 should be set forth separately from the statement or explanation provided pursuant to 10 CFR 2.201, but may incorporate parts of the 10 CFR 2.201 reply by specific reference (e.g., citing page and paragraph numbers) to avoid repetition. The attention of the Licensee is directed to the other provisions of 10 CFR 2.205 regarding the procedure for imposing a civil penalty.

Upon failure to pay any civil penalty which subsequently has been determined in accordance with the applicable provisions of 10 CFR 2.205 to be due, this matter may be referred to the Attorney General, and the penalty, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282c.

The responses noted above, i.e., Reply to Notice of Violation, EA-15-173, Statement as to payment of civil penalty, and Answer to a Notice of Violation, should be addressed to: Patricia Holahan, Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, One White Flint North, 11555 Rockville Pike, Rockville, MD 20852-2738, with a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV, 1600 East Lamar Blvd., Arlington, Texas 76011-4511, and the Document Control Center, 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 ADAMS. 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. 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 bases 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).

In accordance with 10 CFR 19.11, you may be required to post this Notice within 2 working days of receipt.

Dated this 7th day of July 2016