



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION III  
799 ROOSEVELT ROAD  
GLEN ELLYN, ILLINOIS 60137

JUN 19 1984

MEMORANDUM FOR: Jane A. Axelrad, Director, Enforcement Staff, IE

FROM: W. H. Schultz, Enforcement Coordinator, Region III

SUBJECT: MID-STATES LOGGING AND PERFORATING CO.  
PROPOSED CIVIL PENALTY

The enclosed documents propose civil penalty action under the General Policy and Procedure for NRC Enforcement Actions and are submitted for your review and concurrence.

Each of the violations identified shows a general breakdown in management control and collectively constitute a Severity Level III problem. Therefore, we recommend that a civil penalty of \$500 be proposed.

*W. H. Schultz*  
W. H. Schultz  
Enforcement Coordinator

Enclosures:

1. Draft ltr to licensee  
w/Notice of Violation  
and Proposed Imposition  
of Civil Penalties
2. Draft Inspection Report  
No. 30-19553/84-01(DRMSP)

cc w/encls:

J. Lieberman, ELD  
E. Pawlik,  
C. Weil  
Regional Enforcement  
Coordinators, RI, RI, RIV RV

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8507160734 850405  
PDR FOIA  
CARMAN84-729 PDR

Mid-States Logging and  
Perforating Co.

License No. 12-19985-01

ATTN: Donald A. Gherardini  
Manager

Route 45 North, Box 39  
Fairfield, IL 62837

Gentlemen:

This refers to the NRC routine safety inspection conducted by Mr. D. R. Gibbons of this office on April 30 through May 2, 1984, of activities authorized by NRC License No. 12-19985-01. During the inspection, numerous violations of NRC requirements were identified. The results of the inspection were discussed with you at the conclusion of the inspection, and on May 18, 1984, during the enforcement conference at the NRC Region III office between you and members of your staff and Mr. A. B. Davis and others of the NRC staff.

The apparent violations are described in the attached Notice of Violation and Proposed Imposition of Civil Penalties. Collectively they represent a significant breakdown in management oversight and control of your radiation safety program and demonstrate a clear need for improvement in the administration and control of the program to ensure adherence to NRC requirements and safe performance of licensed activities.

To emphasize the importance of these matters and the need to ensure implementation of effective management control of your licensed program, I have

been authorized, after consultation with the Director, Office of Inspection and Enforcement, to issue the attached Notice of Violation and Proposed Imposition of Civil Penalties in the amount of Five Hundred Dollars for the violations set forth in the Notice. The violations have been categorized in the aggregate as a Severity Level III problem in accordance with the General Policy and Procedure for NRC Enforcement Actions, 10 CFR Part 2, Appendix C.

This inspection identified a possible theft of licensed material and is a matter that has been referred to our Office of Investigation for review. Appropriate enforcement action for this inspection finding and the findings of the ongoing investigation will be taken at the conclusion of the investigation. Correspondence relating to this matter will be provided to you at a later date.

You are required to respond to this letter and should follow the instructions in the Notice when preparing your response. Your reply to this letter and the results of future inspections will be considered in determining whether further enforcement action is appropriate.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and the enclosure will be placed in the NRC's Public Document Room.

Mid-States Logging and  
Perforating Co.

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The responses directed by this letter and the accompanying report are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL 96-511.

Sincerely,

James G. Keppler  
Regional Administrator

NOTICE OF VIOLATION

AND

PROPOSED IMPOSITION OF CIVIL PENALTIES

Mid-States Logging and  
Perforating Co.

License No. 12-19985-01

An NRC inspection of activities authorized under NRC License No. 12-19985-01 was conducted on April 30 through May 2, 1984. During the inspection, multiple instances of failure to comply with NRC requirements were identified. Collectively, they represent a significant breakdown in the management oversight and control of the licensee's radiation safety program.

To emphasize the importance of these matters and the need to ensure implementation of effective management control over the radiation safety program, the NRC proposes to impose civil penalties in the cumulative amount of Five Hundred Dollars. In accordance with the General Policy and Procedure for NRC Enforcement Actions (10 CFR Part 2, Appendix C), and pursuant to Section 234 of the Atomic Energy Act of 1954, as amended ("Act"), 42 U.S.C. 2282, PL 95-295, and 10 CFR 2.205, the particular violations and the associated civil penalties are set forth below:

- A. License Condition No. 10 limits the use of byproduct material to 1013 N. Main Street, Olney, Illinois, and at temporary job sites anywhere in the United States where the U. S. Nuclear Regulatory Commission maintains jurisdiction for regulating the use of licensed material.

Contrary to this requirement, licensed material was used and stored at a different location since August 1, 1982, and the licensee failed to amend the license to reflect that change.

- B. License Condition No. 12 requires that licensed material be used under the supervision and in the physical presence of certain named individuals.

Contrary to this requirement, it was learned from statements of licensee representatives, and the NRC inspector's review of records, that licensed material was used on numerous occasions during the period from 1982 to 1983, by individuals not named on the license and such use was not under the supervision of or in the physical presence of individuals named under the license. The licensee failed to seek an amendment of the license to authorize those individuals to use licensed material.

- C. License Condition No. 15 requires a physical inventory every six (6) months to account for all sealed sources possessed and used under the license.

Contrary to this requirement, the licensee failed to conduct physical inventories at the proper intervals. Specifically, it was learned from statements of licensee representatives, and the absence of records, that physical inventories were not conducted during the period from November 2, 1982, to April 13, 1984, a period exceeding six (6) months.

- D. License Condition No. 18 requires that licensed material be possessed and used in accordance with statements, representations, and procedures contained in applications dated April 25, 1982, July 11, 1982, and December 15, 1981, with enclosures thereto. Appendix B, Section I(a)(1)(2) of the Storage, Operating and Emergency Procedures Manual submitted as part of the applications dated December 15, 1981 and April 25, 1982, states that licensed material will be stored in storage pits (downhole), or in a steel bunker with a locking device.

Contrary to this requirement, licensed material has been stored on a wooden pallet, above ground, and with no locking device since August 2, 1982.

- E. 10 CFR 20.203(b) requires that each radiation area be conspicuously posted with a sign or signs bearing the radiation caution symbol and the words: Caution or Danger Radiation Area. Appendix B, Section I(a)(3) in the licensee's Operating Manual requires the above signs on or around storage areas. In addition, that section of the Manual requires signs bearing the words: "Caution Radioactive Materials" to be posted on storage areas.

Contrary to this requirement, on the day of the inspection, April 30 through May 2, 1984, the storage area and a radiation area near the storage area were not posted.

- F. License Condition No. 18 requires licensed material be possessed and used in accordance with statements, representations, and procedures contained in applications dated April 25, 1982, July 11, 1982, and December 15, 1981. The application dated July 11, 1982, names a certain individual as the Radiation Safety Officer.

Contrary to this requirement, the licensee has operated since July 7, 1983, the day the authorized Radiation Safety Officer terminated employment and has failed to amend the license to replace that individual.

- G. 10 CFR 30.51(a) requires that each licensee keep records showing the receipt, transfer, export, and disposal of licensed material.

Contrary to this requirement, the licensee failed to maintain receipt records of two sealed sources purchased in December 1982 and February 1984.



- H. 10 CFR 71.5(a) requires that no licensee shall transport any licensed material outside of the confines of his plant or other place of use unless the licensee complies with the applicable regulations of the Department of Transportation in 49 CFR Parts 170-189.

49 CFR 172.200(a) requires each person who offers a hazardous material for transportation shall describe the hazardous material on the shipping paper in the manner required by this subpart.

Contrary to this requirement, the licensee transported hazardous material (radioactive) from its facility to temporary job sites during the period from August 27, 1983, to January 16, 1984, without proper shipping papers.

- I. License Condition No. 18 requires that licensed material be possessed and used in accordance with statements, representations, and procedures contained in applications dated April 25, 1982, July 11, 1982, and December 15, 1981. Appendix A, Section VI(e)(f) of the Storage, Operating and Emergency Procedure Manual submitted with the applications dated December 15, 1981 and July 11, 1982 requires monthly surveys of licensee vehicles and quarterly surveys of the storage areas.

Contrary to this requirement, the licensee failed to perform monthly vehicle surveys, and failed to perform quarterly surveys of the storage areas since August 27, 1983.

- J. License Condition No. 18 requires that licensed material be possessed and used in accordance with statements, representations, and procedures contained in applications dated April 25, 1982, July 11, 1982, and December 15, 1981. Appendix B, Section III of the Storage, Operating and Emergency Procedures Manual submitted as part of the applications dated December 15, 1981 and July 11, 1982, requires job log sheets be maintained for each time licensed material is used at temporary job sites.

Contrary to this requirement, job log sheets were not maintained for the period from August 27, 1983, to the day of the inspection, April 30 through May 2, 1984.

Collectively, the above ten violations have been evaluated as a Severity Level III problem (Supplements IV, V, and VI).

(Cumulative Civil Penalties - \$500 assessed equally among the violations).

Pursuant to the provisions of 10 CFR 2.201, Mid-States Logging and Perforating Co. is hereby required to submit to the Director, Office of Inspection and Enforcement, NRC, Washington, DC 20555, with a copy to the Regional Administrator, USNRC, Region III, 799 Roosevelt Road, Glen Ellyn, IL 60137, within 30 days of the date of this Notice, a written statement or explanation in reply, including for each alleged violation: (1) admission or denial of the alleged violation; (2) the reasons for the violation, if admitted; (3) the corrective steps that will be taken and the results achieved; (4) the

corrective steps that will be taken to avoid further violations; and (5) the date when full compliance will be achieved. Consideration may be given to extending the response time for good cause shown. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, this response shall be submitted under oath or affirmation.

Within the same time as provided for the response required above under 10 CFR 2.201, Mid-States Logging and Perforating Co. may pay the civil penalties in the amount of Five Hundred Dollars or may protest imposition of the civil penalties in whole or in part by a written answer. Should Mid-States Logging and Perforating Co. fail to answer within the time specified, the Director, Office of Inspection and Enforcement, will issue an order imposing the civil penalties in the amount proposed above. Should Mid-States Logging and Perforating Co. elect to file an answer in accordance with 10 CFR 2.205 protesting the civil penalties, such answer 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 penalties should not be imposed.

In addition to protesting the civil penalties, in whole or in part, such answer may request remission or mitigation of the penalties. In requesting mitigation of the proposed penalties, the five factors contained in Section IV.B of 10 CFR Part 2, Appendix C should be addressed. Any written answer in accordance with 10 CFR 2.205 should be set forth separately from the statement or explanation in reply pursuant to 10 CFR 2.201, but may incorporate by

specific reference (e.g., citing page and paragraph numbers) to avoid repetition. The attention of Mid-States Logging and Perforating Co. 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 due, which has been subsequently determined in accordance with the applicable provisions of 10 CFR 2.205, this matter may be referred to the Attorney General, and the penalties, unless compromised, remitted, or mitigated, may be collected by civil action pursuant to Section 234c of the Act, 42 U.S.C. 2282.

FOR THE NUCLEAR REGULATORY COMMISSION

James G. Keppler

Regional Administrator

Dated at Glen Ellyn, Illinois

this      day of      1984