



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 EAST LAMAR BOULEVARD
ARLINGTON, TEXAS 76011-4511

June 1, 2018

EA-18-022

Mr. Jason Bauer, Radiation Safety Officer
HSI Group, Inc.
92-1164 Olani Street, Apartment 2
Kapolei, Hawaii 96707

SUBJECT: NOTICE OF VIOLATION; NRC INSPECTION REPORT 030-39050/2018-001

Dear Mr. Bauer:

This letter refers to the announced inspection conducted on February 8, 2018, at your facility in Kapolei, Hawaii, and the unannounced inspection conducted on February 9, 2018, at a temporary job site at the Island Energy Services' refinery in Kapolei, Hawaii. The inspection was an examination of activities conducted under your license as they relate to public health and safety, to confirm compliance with the U.S. Nuclear Regulatory Commission (NRC) rules, regulations, and with the conditions of your license. The results of the inspection and details regarding the apparent violation was provided to you in the non-publicly available version of NRC Inspection Report 030-39050/2018-001, dated April 17, 2018.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation identified in the report by either attending a predecisional enforcement conference or by providing a written response before we made our final enforcement decision. In a non-publicly available letter dated May 4, 2018, you provided a response to the apparent violation.

Based on the information developed during the inspection, and the information that you provided in your response to the inspection report, the NRC has determined that a violation of NRC requirements occurred. This violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it is described in detail in the subject inspection report. The violation involved a failure associated with the security requirements in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 37. Because of the potential consequences associated with the violation, the violation has been categorized as an escalated enforcement action in accordance with the NRC Enforcement Policy.

Because your facility has not been the subject of escalated enforcement actions within the last 2 years (two inspections), the NRC considered whether credit was warranted for *Corrective Action* in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. The NRC determined that *Corrective Action* credit is warranted for your

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J. Bauer

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corrective actions which were both prompt and comprehensive and documented in the subject inspection report and your letter dated May 4, 2018.

Therefore, to encourage prompt and comprehensive correction of the violation, and in recognition of the absence of previous escalated enforcement action, I have been authorized, after consultation with the Director, Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty. In addition, issuance of this violation constitutes escalated enforcement action that may subject you to increased inspection effort.

The NRC has concluded that information regarding: (1) the reason for the violation; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in the NRC Inspection Report 030-39050/2018-001 and in your letter dated May 4, 2018. Therefore, you are not required to respond to this letter unless the description therein 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 will be made available for public inspection in the NRC's Public Document Room or from the NRC's ADAMS accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

However, the material enclosed contains Security-Related Information in accordance with 10 CFR 2.390(d)(1) and its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosure will not be made available for public inspection in the NRC's Public Document Room or electronically from the NRC's ADAMS. 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 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.

If you have any questions concerning this matter, please contact Mr. Michael C. Hay of my staff at 817-200-1455.

Sincerely,

/RA Scott A. Morris for/

Kriss M. Kennedy
Regional Administrator

Docket No. 030-39050
License No. 53-35428-01

Non-Public Enclosure:
Notice of Violation