

DAN & GRAHAM LEASING, INC.

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June 3, 2005

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

RE: REPLY TO A NOTICE OF VIOLATION
Inspection 03033541/2005001, Dan &
Graham Leasing, Inc., Chantilly, Virginia Site
and Notice of Violation
Docket No.: 03033541
License No.: 45-25297-01

Dear NRC:

In response to your letter dated April 26, 2005, which details violations incurred during the April 6, 2005 inspection of our facilities in Chantilly, VA, we offer this letter as an explanation of each violation and the corrective action that has been taken.

A. Failure to conduct a physical inventory every six months to account for all sealed sources and devices containing licensed material received and possessed under the license, as per Condition 15 of License 45-25297-01.

(1) Reason for Violation: The periodic inventories required under Condition 15 of our license were, in fact performed as required. However, the record keeping of these inventories was not kept up to date. We have only one storage location for the single licensed portable nuclear gauge that we possess. Without multiple serial numbers, gauge manufacturers, and/or model numbers to account for during each inventory, the documentation of inventories can be easily overlooked.

(2) Corrective Action: Documentation of each inventory performed, along with blank forms for each new inventory, will be posted on the outside of the storage closet for use during inventory sessions.

(3) Corrective Action to Ensure No Further Violations: See note (2) above. This posting of inventories will not only ensure proper documentation of each inventory, but also will allow for these records to be readily available during any future NRC inspections.

(4) Date of Compliance: May 26, 2005

B. Failure to periodically (at least annually) review the radiation protection program content and implementation, as per 10 CFR 20.1101(a) and (c).

(1) Reason for Violation: In the past, this function has been performed by the company's Deputy RSO, who is no longer employed with us. The Radiation Safety Program has remained effectively in-place throughout and following this personnel change, however the annual review of the Program was not performed.

(2) Corrective Action: A review of the plan has been conducted and the plan has been updated as needed to address these personnel changes.

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(3) Corrective Action to Ensure No Further Violations: The periodic reviews of the plan will continue at intervals not to exceed one year. The responsibility for conducting the review has been reassigned to the RSO.

(4) Date of Compliance: May 26, 2005

C. Failure to provide notification to the NRC in writing within 60 days that no principal activities under the license have been conducted for a period of 24 months, as per 10 CFR 30.36(d).

(1) Reason for Violation: The gauge was, in fact, used in the last 24 months. The NRC inspector was misinformed about this information during the April inspection of our facility.

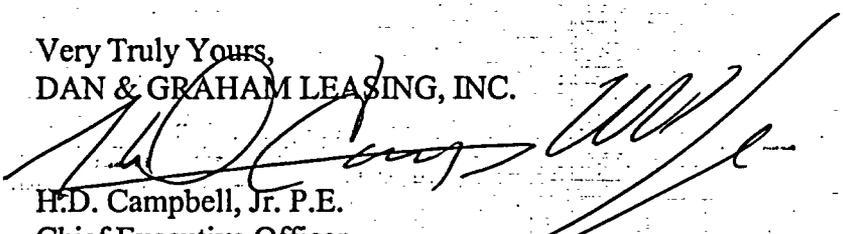
(2) Corrective Action: All future inspections at our facility will occur in the presence of the RSO to ensure accuracy in responses to questions and information provided to the NRC inspector.

(3) Corrective Action to Ensure No Further Violations: See note (2) above.

(4) Date of Compliance: May 26, 2005

Should you have any questions or need any additional information, please do not hesitate to contact me at (703) 802-0093 x225.

Very Truly Yours,
DAN & GRAHAM LEASING, INC.


H.D. Campbell, Jr. P.E.
Chief Executive Officer
Radiation Safety Officer

cc: NRC Regional Administrator, Region 1
Director, Office of Enforcement, U.S. NRC