UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

August 4, 2005

Docket No. 03033541 License No. 45-25297-01
EA 05-150

H. D. Campbell, P.E.
CEO/Radiation Safety Officer
Dan & Graham Leasing, Inc.
4215 Lafayette Center Drive, Suite 2
Chantilly, VA 20151

SUBJECT: RESPONSE TO DISPUTED VIOLATION REGARDING FAILURE TO PERFORM A SEALED SOURCE INVENTORY AND FAILURE TO NOTIFY NRC PURSUANT TO 10CFR30.36(d)

Dear Mr. Campbell:

Our letter dated April 26, 2005, transmitted a Notice of Violation (NOV) which listed three violations of NRC requirements. You responded to the NOV in a letter dated June 3, 2005, in which you acknowledged that Violation B regarding the failure to conduct annual reviews of your radiation protection program was accurate, and you provided a response describing the reason for the violation, your corrective actions taken to prevent future violations, and the date when full compliance was achieved. We have reviewed your response to this violation and have no further questions concerning the corrective and preventive actions that you implemented. These actions will be examined during a future inspection of your licensed program.

However, in response to Violation A, regarding the failure to perform a six month inventory of sealed sources and devices, and Violation C, regarding the failure to notify the NRC in writing within 60 days that no principal activities under the license have been conducted for a period of 24 months in accordance with 10CFR30.36(d), you contended that these violations were issued in error and requested that they be retracted.

Regarding Violation A, you stated that the periodic inventories required under Condition 15 of your license were, in fact, performed. However, you stated that the record keeping of these inventories was not kept up to date. This information was not available to the inspector during the inspection conducted on April 6, 2005. During telephone conversations on August 2, 2005, in support of your statement that periodic inventories, in fact, were performed, both you and the gauge user stated that each of you made frequent visits to the locked closet where the gauge is stored and that you both noticed the gauge was present during these visits. However, you both also stated that these visits did not include a formal inventory and you provided no additional information to demonstrate that the presence of the gauge was formally confirmed. Therefore, the NRC maintains that the violation occurred as stated in the NOV.

Regarding Violation C, there was insufficient information for us to complete our review. Our letter dated June 16, 2005, requested you provide additional information regarding this violation. Your letter dated June 29, 2005, provided additional information. In support of your contention that Violation C was issued in error, you stated in your June 29, 2005, letter that the gauge was

used on two projects during the months of September through November of 2003, demonstrating that principal activities under the license were conducted within the 24 month period in question. This information was not available to the inspector during the inspection conducted on April 6, 2005.

Based on the additional information you provided in your letters dated June 3, 2005, and June 29, 2005, and during the August 2, 2005, telephone conversations, the NRC has not withdrawn Violation A and has withdrawn Violation C as set forth in our April 26, 2005, Notice of Violation. Our records will be amended to reflect this change. Since you provided corrective actions for Violation A, even though you maintained Violation A did not occur, no further response is required regarding Violation A.

Your cooperation with us is appreciated.

Sincerely,

Original signed by George Pangburn

George Pangburn, Director
Division of Nuclear Materials Safety

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