



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

May 8, 2006

Docket No. 03012568
EA No. 06-064

License No. 37-17332-01

Javaid M. Alvi, Ph.D.
President
GeoMechanics, Inc.
Millennium III Professional Park
600 Munir Drive
Elizabeth, PA 15037-0386

SUBJECT: GEOMECHANICS, INC., ENFORCEMENT CONFERENCE SUMMARY NO.
03012568/2006002

Dear Dr. Alvi:

Enclosed is a summary of the Predecisional Enforcement Conference held at the NRC Region I office on April 26, 2006, with Mr. Walter Lorence of your staff. The Conference was held to discuss the findings described in NRC Inspection Report No. 03012568/2006001 which was sent to you on April 6, 2006.

Thank you for supporting the Conference and providing us with your perspective of the inspection and associated findings. You will be notified of our decision on enforcement action under separate cover.

Thank you for your cooperation.

Sincerely,

/RA/

John D. Kinneman, Chief
Materials Security and Industrial Branch
Division of Nuclear Materials Safety

Enclosure:
Enforcement Conference Summary No. 03012568/2006002

cc:
Walter M. Lorence, P.E., Radiation Safety Officer
Commonwealth of Pennsylvania

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SISP Review Complete: JSchmidt

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NAME	JSchmidt		JD Kinneman			
DATE	05/01/2006		05/04/2006			

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CONFERENCE SUMMARY

NRC Enforcement Conference Report No. 03012568/2006002

On April 26, 2006, a representative of GeoMechanics, Inc. (GeoMechanics) met with NRC representatives in the Region I office located in King of Prussia, Pennsylvania. The meeting was held to discuss two apparent violations described in NRC Inspection Report No. 03012568/2006001. The apparent violations discussed in this document were related to the licensee's failure to provide adequate security measures for a nuclear gauge that was stolen from the licensee on September 19, 2005, and failure to provide a timely written report following the nuclear gauge theft. This meeting was open to the public.

Ms. Pamela Henderson, Deputy Director, Division of Nuclear Materials Safety (DNMS), made the opening remarks and briefly described the purpose of the conference. Mr. John Nicholson, Region I Enforcement Specialist, described the NRC Enforcement Policy and process. Mr. James Schmidt, Health Physicist, provided a brief review of the inspection report contents and the apparent violations identified during the inspection.

Mr. Walter Lorence, GeoMechanics Vice President/Radiation Safety Officer (RSO), acknowledged that the inspection findings, as presented, were accurate. He provided clarification relative to the locking arrangement in place at the time of the nuclear gauge theft; the nuclear gauge trigger was locked, the nuclear gauge shipping container containing the gauge was locked shut, and nuclear gauge shipping container was secured to the truck bed using a lock and chain positioned between the shipping container handle and a structure on the truck bed. Mr. Lorence stated that his failure to realize that the new, more robust security requirements were to be implemented on the July 11, 2005, was the cause of the security deficiency. With respect to the failure to provide a timely written report regarding the material theft, he stated that he believed that his verbal and written communications with the NRC staff immediately after the nuclear gauge theft and eventual recovery fulfilled this requirement such that the report delay was the result of a misunderstanding on his part rather than any intentional unresponsiveness. As a result, he requested that the NRC staff reconsider the classification of this apparent violation.

Mr. Lorence summarized the corrective actions taken by GeoMechanics to prevent recurrence of the apparent violation associated with license material control and provided a letter (attached) from the GeoMechanics President, Javaid M. Alvi. These actions included immediate retraining for authorized users prior to further nuclear gauge use, installation of permanent security boxes on company pickup trucks used to transport nuclear gauges, revision of nuclear gauge security procedures to include revised security requirements when using personal vehicles, and the installation of an additional security barrier at the home office storage location. Mr. Lorence stated that these changes are consistent with GeoMechanics ongoing commitment to fully meet regulatory requirements.

Mr. Nicholson provided closing comments on the enforcement policy and enforcement options open to the staff.

Ms. Henderson thanked the licensee representative for his attendance and adjourned the meeting.

LIST OF PERSONS ATTENDING

Licensee

Walter Lorence, Vice President/RSO, GeoMechanics

NRC

Karl Farrar, Regional Counsel, Region I
Pamela Henderson, Deputy Director, DNMS
John Kinneman, Chief, Material Security and Industrial, DNMS
Sally Merchant, Enforcement, Office of Enforcement *
John Nicholson, Health Physicist, DNMS
James Schmidt, Health Physicist, DNMS
John Wray, Enforcement Specialist, Region I

* - attendance by telephone



GeoMechanics, inc

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April 25, 2006

United States Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406-1415

Attention: George Pangburn, Director
Division of Nuclear Materials Safety

Re: License No. 37-17332-01
Docket No. 03012568
EA No. 06-064

Response to USNRC Concerns

Gentlemen:

In response to the concerns identified in your letter of April 6, 2006, please be advised that GeoMechanics, Inc. is newly committed to the safe possession, transportation and use of portable devices containing licensed material. Our management staff, Radiation Safety Officer (RSO) and Authorized Users are aware of the regulatory requirements for ensuring that devices are under direct surveillance during use and properly secured during transport and storage.

GeoMechanics, Inc. has taken the following steps to ensure that devices containing licensed material are secured from theft or misuse:

- Discussions with and retraining of all Authorized Users in regard to proper transport and security of devices;
- Purchase of special containers for the safe transport of devices;
- Improved security of device storage area at home office;
- Routine inspections of temporary jobsites by RSO or designee; and
- Random visits to temporary jobsites by radiological consultant.

Consulting Engineers/Scientists

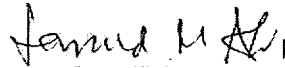
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Please refer any questions regarding this topic to Walter Lorence, GeoMechanics, Inc.
Radiation Safety Officer (724) 379-6300.

Very truly yours,

GEO-MECHANICS, INC.



Javid M. Alvi, Ph.D., President

JMA:vg

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