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May 29, 2007

Director, Division of Nuclear Material Safety  
US NRC Region IV  
611 Ryan Plaza Drive  
Suite 400  
Arlington, TX 76011

Re: Reply to Notice of Violation

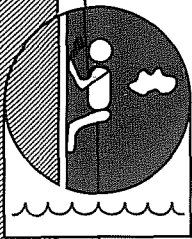
Dear Sir,

This letter serves as the required reply to the Notice of Violation issued by the US NRC on May 18, 2007 and received by CAN USA, Inc. on May 23, 2007. The Notice of Violation cites two Severity Level IV violations by CAN USA, Inc., the first relating to the presence of documents required by the NRC at temporary jobsites, and the second relating to the posting of the presence of Radioactive Material in places in which radioactive material is stored.

I will address each of these violations in singularity along with the corrective action taken to prevent re-occurrence of each.

In regards to Violation No. 1, "...to have certain documents which are required to be at temporary job sites", the violation relates specifically to the absence of the required parts of 10 CFR parts 19, 20, and 34. The root cause of this violation is that personnel tasked with the loading of supplies into the darkroom did not take notice that the required regulations were not in the darkroom and therefore did not put these regulations into the darkroom.

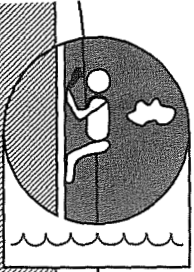
Each darkroom is normally supplied with a copy of the relevant Louisiana Radiation Regulations, the Louisiana Notice to Employees, the NRC Radiation Regulations, and the NRC Notice to Employees. This particular darkroom was returned to our shop location and re-fitted with necessary provisions, and omitted from the darkroom was the copy of the rules referenced above. The absence of these rules has been addressed by sending a copy of the rules to the offshore location, and maintaining that each additional darkroom has the rules in it. Additionally, the requirement for all required documentation has been



addressed with the shop personnel who load out the darkrooms and the documentation requirements put on the standard equipment load list so that each darkroom that is mobbed from our shop location contains all of the required documentation for both Louisiana and NRC jurisdictions. Periodic auditing of the darkroom load out by the Radiation Safety Officer will maintain that compliance is maintained.

In regards to Violation No. 2, "...posting of the dark room with "Caution, Radioactive Materials" signs, the violation relates specifically to the posting of the outside of the darkroom with these signs. The root cause of this violation is that the Radiation Safety Officer assumed that due to the increased controls and the fact that the vault inside the darkroom was and continues to be posted, that the regulation regarding conspicuous posting was met.

Each darkroom is equipped with a vault in which the radiographic exposure device is stored. On the outside of this locked vault is a "Caution Radioactive Materials" sign which is used to obtain compliance with the applicable regulations as 10 CFR Part 20.1902(e) reads "Posting of areas or rooms in which licensed material is used or stored. The licensee shall post each area or room in which there is used or stored an amount of licensed material exceeding...". This has been interpreted to mean that posting a Radioactive Material sign on the vault is posting an area and since the regulation maintains that an area **or** room shall be posted, that compliance has been maintained. In this manner, the darkroom is posted in a conspicuous manner with the required signage without drawing attention to the fact that Radioactive Material is contained within the vault location thereby lessening the chance that a security breach event would take place. With the exposure device in place in the locked vault location, the radiation levels on the exterior surface of the container is less than 1 mR/hr or even zero, and there is only one means of access to the darkroom, that being the main (front) door which is also kept locked when the source is not being used. As this is unacceptable to the NRC, additional signage has been placed in each darkroom for the purpose of posting the exterior surfaces of the darkroom. Additionally, signs are being manufactured that will be permanently attached to the darkroom that the radiographers can "flip" down when the exposure device is stored in the darkroom and furthermore can "flip" up when the darkroom is in transit or not otherwise containing a radioactive source. When the sign is flipped down the



radioactive material signage is displayed, and when it is flipped up, the sign is not displayed. In this manner there should be no misunderstanding regarding the presence of the radioactive source. All radiographers shall be informed of the posting requirements prior to mobilization to offshore locations.

It is thought that by implementation of the above corrective actions these types of violations will not re-occur. CAN USA, Inc. is fully committed to the safety of our Team Members, others who are not directly involved in our operations, the general public, and the environment. If you should have any questions regarding the contents of this reply, please feel free to contact me at your convenience.

Sincerely,  
CAN USA, Inc.

Dwight Witter  
Radiation Safety Officer  
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