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June 5, 2007

United States Nuclear Regulatory Commission
Document Control Desk
Washington, DC 20555
Fax: (301) 816-5151

Subject: 10CFR Part 21, Notification of Potential Safety Related Noncompliance Deviation
Notification By: Carboline Company
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Based on information supplied to Carboline Company (US) through Carboline Korea, Ltd. (Carboline's Korean affiliate), it is our understanding that Korea Power Engineering Company (KOPEC) has stated that the only Carboline material approved for use on KOPEC projects, is the Carboline Korea, Ltd. material manufactured in Korea. Carboline Company's protective coatings manufactured in the US have not been tested or approved for KOPEC project work. We have not tested the Carboline US material to the KOPEC curve; the KOPEC curve is a 360°F and the pressure is either 57 or 60 PSIG. This curve is more stringent than the standard curves used by US utilities.

We have been made aware that, in some cases, material ordered from Carboline US and shipped as ordered, has in fact been utilized on units/equipment for KOPEC projects.

Carboline (US) supplied Carboline US products as ordered. We are in most cases unaware of the end customer. The Carboline products supplied were manufactured in accordance with our 10CFR50 Appendix B QA program and we accept 10CFR Part 21 for all US orders of nuclear grade material.

Note: Carboline Korea is not an approved sub-contractor/vendor under the Carboline US program and we have not supplied any Carboline Korea Ltd. manufactured product to any US nuclear customer.

From this point forward, Carboline material manufactured in the US will not be supplied for KOPEC project work.

The following information is provided as required by 10 CFR 21.21 (d) (4):

- (i) **Name and address of individual informing the commission.**
Dwayne Meyer, Director of Technical Resources and
Marikay Speckert, QA Manager
Carboline Company
350 Hanley Industrial Ct.
Brentwood, MO 63144
- (ii) **Identification of the facility, the activity, or the basic component supplied for such facility or such activity within the United States which fails to comply or contains the defect.**
Protective Coatings ordered and supplied from Carboline Company (US); the only approved Carboline products for KOPEC work are those manufactured by Carboline Korea.
- (iii) **Identification of the firm constructing the facility or supplying the basic component which fails to comply with or contains the defect.**
We do not know which Carboline (US) nuclear customers may have used US material when Carboline Korean manufactured material was required. We are notifying all NUPIC members and Carboline non-utility, nuclear customers that have purchased from Carboline Company (US) over the last 5 years.

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(iv) **Nature of the defect or failure to comply and the safety hazard which is created by such a defect or failure to comply.**

Because we do not know who is using the material for KOPEC projects or the details of the material use; we do not have the capability to perform the evaluations to determine if a defect exists or the potential effect of such defect.

We have not tested the Carboline US material to the KOPEC curve; the KOPEC curve is a 360°F and the pressure is either 57 or 60 PSIG. This curve is more stringent than the standard curves used by US utilities.

The Carboline Korea Ltd. products are manufactured in our Korean plant for nuclear service. The Korean products have been tested and certified to meet KOPEC's specific performance and qualification standards. Carboline Company's (US) nuclear grade products are manufactured and qualified for nuclear service according to the standards set forth in the US. The formulations, raw material suppliers and the production processes are similar however they are not exactly the same and we do not know the significance of these differences.

(v) **The date on which the information of such defect or failure to comply was obtained.**

May 23, 2007, KOPEC informed us through our Carboline Korea affiliate, that we (Carboline US) needed to inform one of our customers that their undelivered component needed to be redone with Carboline Korean manufactured material.

(vi) **In the case of a basic component which contains a defect or fails to comply, the number and location of all such components in use at, supplied for, or being supplied for one or more facilities or activities subject to the regulations in this part.**

We do not know which Carboline (US) nuclear customers may have used US material when Carboline Korean manufactured material was required. We are notifying all NUPIC members and Carboline non-utility, nuclear customers that have purchased from Carboline Company (US) over the last 5 years.

(vii) **The corrective action which has been, is being, or will be taken; the name of the individual or organization responsible for the action; and the length of time that has been or will be taken to complete the action.**

1) We have informed our Sales Force and Customer Service personnel of the need to recognize/identify orders that are for use on international projects. We then contact the customer and clarify products required and facilitate getting material from Carboline Korea if needed. This was handled by Dwayne Meyer, our Director of Technical Resources, and has been in place for approximately two weeks.

2) Our Korean made nuclear products will undergo a name change in the near future. This will help us clearly identify them on project specifications. This will assure that the products used on KOPEC projects use the same raw materials and the same processes at the same manufacturing plant location. This is being addressed by Doug Moore, our Director of International Business Development directly with our Carboline Korea management and this will be in place by July 1, 2007 at the latest. In the interim, we require that the coating requirement specification be supplied so that we can clearly identify the proper coating for the project.

3) We are looking at having some Carboline Korea manufactured material stocked in Carboline (US) warehouse in our Lake Charles LA facility. Our QA department is working with our International Group. We are still looking into this; in the interim we are facilitating the orders for Carboline Korea material.

(viii) **Any advice related to the defect or failure to comply about the facility, activity, or basic component that has been, is being, or will be given to purchasers or licensees.**

We submitted the above plan (vii) to KOPEC and, through our affiliate; we understand that it is acceptable.

In summary, Carboline has taken appropriate corrective action, notified the NRC, and shall notify all customers promptly.

If you have any questions or need additional information concerning this notification, do not hesitate to contact Dwayne Meyer, Director of Technical Resources at (314) 644-1000 extension 2550, or Marikay Speckert, QA Manager at (314) 644-1000 extension 2456.

Regards,



Dwayne Meyer
Director, Technical Service



Marikay Speckert
Quality Assurance Manager

cc: Dick Wilson, President, Carboline Company
Dallas Finch, R&D Director, Carboline Company
Doug Moore, Director of International Business