

June 17, 2009

Richard Budzinski, Director  
Operational Excellence & Quality Systems  
Dresser Industries Incorporated  
Intersection LA 3225 and US Hwy 167N  
Alexandria, Louisiana 71309

SUBJECT: CORRECTION TO NOTICE OF VIOLATION 99900054/2009-01-03 TO  
DRESSER INDUSTRIES INCORPORATED DATED APRIL 27, 2009

Dear Mr. Budzinski:

On April 27, 2009, the U.S. Nuclear Regulatory Commission (NRC) sent to you Inspection Report No. 99900054/2009-201, Notice of Violation (NOV), and Notice of Nonconformance. Your response letter dated May 27, 2009, indicated a problem with the accuracy of the NRC inspection report. The NRC staff found that NOV 99900054/2009-01-03 did not contain the correct citation. The enclosed NOV provides the corrected paragraph for Violation 99900054/2009-201-03: "Contrary to the above, as of March 13, 2009, Dresser failed to include appropriate requirements in the QSM, QCP-031, or other quality procedures for the maintenance of 10 CFR Part 21 records in accordance with the regulations." The NRC staff also noted that Violation 99900054/2009-01-03 has the correct citation on Page 6 of NRC inspection report 99900054/2009-201 (ADAMS Accession Number ML091120670).

You are required to provide a written explanation to Violation 99900054/2009-01-03 within 30 days of this letter in accordance with the instructions specified in the original NOV that was sent April 27, 2009. The NRC will use your response, in part, to determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

In accordance with 10 CFR 2.390, "Public Exemptions, Requests for Withholding," the agency will make a copy of this letter, its enclosures, and your response available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible at <http://www.nrc.gov/reading-rm/adams.html>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request that such material be withheld from public disclosure, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21, "Requirements for the Protection of Safeguards Information."

Thank you for helping the NRC staff to identify this error. If you have any questions, please call Daniel Pasquale at 301-415-2498 or Francis Talbot at 301-415-3146.

Sincerely,

*/RA/*

John A. Nakoski, Chief  
Quality and Vendor Branch 2  
Division of Construction Inspection  
& Operational Programs  
Office of New Reactors

Docket No: 99900054

Enclosure: Notice of Violation 99900054/2009-01-03 (corrected)

Thank you for helping the NRC staff to identify this error. If you have any questions, please call Daniel Pasquale at 301-415-2498 or Francis Talbot at 301-415-3146.

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John A. Nakoski, Chief  
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DISTRIBUTION:

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ADAMS Accession No.: **ML091671140** (Original ML091120670)  
Package Accession No: **ML091671180**

OFFICE	NRO/DCIP/CQVB	NRO/DCIP/CQVB	NRO/DCIP/CQVB
NAME	DSinks	FTalbot	JNakoski
DATE	6/16/09	6/16/09	6/17/09

**OFFICIAL RECORD COPY**

**CORRECTED COPY  
NOTICE OF VIOLATION**

Dresser Industries Incorporated  
Intersection LA 3225 and U.S. Hwy 167N  
Alexandria, LA 71309

Docket No: 99900054  
Inspection Report Number: 2009-201

Based on the results of a U.S. Nuclear Regulatory Commission (NRC) inspection conducted March 9-13, 2009, of activities performed at Dresser Industries Incorporated (Dresser) facility at Alexandria, LA, violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. Section 21.21, paragraph (a) of Part 21 of Title 10 of the *Code of Federal Regulations* (10 CFR 21.21(a)), "Notification of Failure to Comply or Existence of a Defect and Its Evaluation," requires, in part, that each individual, corporation, partnership, dedicating entity, or other entity shall adopt appropriate procedures to address 10 CFR Part 21 requirements.

Section 21.21 paragraph (a)(3) of 10 CFR Part 21 (10 CFR 21.21(a)(3)) states, in part, "Ensure that a director or responsible officer subject to the regulations of this part is informed as soon as practicable, and, in all cases, within the 5 working days after completion of the evaluation described in paragraphs (a)(1) or (a)(2) of this section if the manufacture, construction, or operation of a facility or activity, a basic component supplied for such facility or activity or the design certification or design approval under part 52 of this chapter, (i) fails to comply with the AEC of 1954, as amended, or any applicable rule, regulation, order or license of the commission, related to a substantial safety hazard, or (ii) contains a defect."

Section 21.21 paragraph (b) of 10 CFR Part 21 (10 CFR 21.21(b)) states that "If the deviation or failure to comply is discovered by a supplier of basic components, or services associated with basic components, and the supplier determines that it does not have the capability to perform the evaluation to determine if a defect exists, then the supplier must inform the purchasers or affected licensees within five working days of this determination so that the purchasers or affected licensees may evaluate the deviation or failure to comply, pursuant to § 21.21(a)."

Section 21.21 paragraph (d)(4) of 10 CFR Part 21 (10 CFR 21.21(d)(4)) states, in part, that "The written report required by this paragraph shall include, but need not be limited to, the following information, to the extent known:

- (i) Name and address of the individual or individuals informing the Commission.
- (vi) In the case of a basic component which contains a defect or fails to comply, the number and location of these components in use at, supplied for, being supplied for, or may be supplied for, manufactured, or being manufactured for one or more facilities or activities subject to the regulations in this part."

Dresser Quality System Manual (QSM) for ASME B&PV Code Section III & NR Program, Revision 2, dated December 19, 2008, describes the quality system utilized by Dresser to assure control and compliance with applicable specifications and customer

ENCLOSURE

requirements during the design and manufacture of pressure relief valves governed by documents, including Appendix B to 10 CFR Part 50 (Appendix B).

Dresser Quality Control Procedure (QCP)-031, "Evaluation and Reporting of Deviations and/or Noncompliance Affecting Safety Related to NRC Regulation 10 CFR Part 21," Revision 0, dated November 13, 1998, establishes the process for evaluating a deviation or noncompliance to determine whether it could create a substantial safety hazard and describes the reporting process.

Contrary to the above, as of March 13, 2009, Dresser failed to adopt appropriate procedures to address 10 CFR Part 21 requirements. Specifically, QCP-031 does not provide for:

1. Notification to the director or responsible officer within five working days after completion of evaluation that a basic component fails to comply or contains a defect.
2. Measures to inform purchasers or affected licensees within five days of determination that the entity does not have the capability to perform the evaluation.
3. Inclusion on the written notification informing the NRC of the reporting entity's name and address, and number and location of all basic components in use at facilities.

These issues are identified as **Violation 99900054/2009-201-01**.

This is a Severity Level IV violation (Supplement VII).

- B. Section 21.31 of 10 CFR Part 21 (10 CFR 21.31), "Procurement documents," requires, in part, that each individual, corporation, partnership, dedicating entity, or other entity shall ensure that each procurement document specifies, when applicable, that provisions of 10 CFR Part 21 apply.

Dresser QSM, Section 4.0, "Procurement Document Control," describes, in part, the process for preparation and control of procurement documents, including the selection of the applicable quality system requirements to be included with the purchase document to suppliers.

Dresser Quality System Procedure (QSP)-06, "Purchasing - Supplier Qualification, Evaluation, Selection," Revision 10, dated August 24, 2007, describes the process to prepare purchase documents.

Contrary to the above, as of March 13, 2009, Dresser failed to include appropriate requirements in the QSM and/or QSP-06 that provide instructions for determining when the requirements of 10 CFR Part 21 are applicable and must be included in Dresser's procurement documents to suppliers on its Approved Nuclear Supplier List.

This issue is identified as **Violation 99900054/2009-201-02**.

This is a Severity Level IV violation (Supplement VII).

- C. Section 21.51 of 10 CFR Part 21 (10 CFR 21.51), "Maintenance and Inspection of Records," subparagraphs 21.51(a)(1), (a)(2), and (a)(3) require that each individual,

corporation, partnership, dedicating entity, or other entity shall prepare and maintain records necessary to accomplish the purposes of this part, specifically:

- (a) Each individual, corporation, partnership, dedicating entity, or other entity subject to the regulations in this part shall prepare and maintain records necessary to accomplish the purposes of this part, specifically:
  - (1) Retain evaluations of all deviations and failures to comply for a minimum of five years after the date of the evaluation;
  - (2) Suppliers of basic components must retain any notifications sent to purchasers and affected licensees for a minimum of five years after the date of the notification.
  - (3) Suppliers of basic components must retain a record of the purchasers of basic components for 10 years after delivery of the basic component or service associated with a basic component.

Dresser QSM, Section 17.0, "Quality Assurance Records," describes, in part, the retention times for quality records.

Dresser QCP-031 establishes the process for evaluating a deviation or noncompliance to determine whether it could create a substantial safety hazard and describes the reporting process.

**[Contrary to the above, as of March 13, 2009, Dresser failed to include appropriate requirements in the QSM, QCP-031, or other quality procedures for the maintenance of 10 CFR Part 21 records in accordance with the regulations.]**

This issue is identified as **Violation 99900054/2009-201-03**.

This is a Severity Level IV violation (Supplement VII).

- D. Section 21.21 of 10 CFR Part 21 (10 CFR 21.21), "Notification of Failure to Comply or Existence of a Defect and Its Evaluation," paragraph 21.21(d)(3)(i), requires, in part, that notification required by paragraph (d)(1) must be made initially by facsimile (preferred method) to the NRC Operations Center within two days following receipt of information by the director or responsible corporate officer on the identification of a defect or failure to comply.

QCP-031, Section 11.0, states, in part, that "The initial notification to the NRC is required within two days."

Contrary to the above, Dresser failed to complete initial notification to the NRC of Dresser 10 CFR 21 File No. 2007-02 within two days as required by the regulation and the QCP.

This issue is identified as **Violation 99900054/2009-201-04**.

This is a Severity Level IV violation (Supplement VII).

Pursuant to the provisions of 10 CFR 2.201, Dresser is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to John A. Nakoski, Chief, Quality and Vendor Branch 2, Division of Construction Inspection and Operational Programs, Office of New Reactors, within 30 days of the date of the letter transmitting this Notice of Violation. This reply should be clearly marked as a "Reply to a Notice of Violation" and should include: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level; (2) the corrective steps that have been taken and the results achieved; (3) the corrective steps that will be taken to avoid further violations; and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

Since your response will be made available electronically for public inspection in the NRC Public Document Room or through the NRC Agencywide Documents Access and Management System (ADAMS), to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>. If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). If safeguards information is necessary to provide an acceptable response, please provide the level of protection described in 10 CFR 73.21, "Requirements for the Protection of Safeguards Information."

Dated at Rockville, Maryland, this 17<sup>th</sup> day of June 2009