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VIA ELECTRONIC MAIL

Shahram Ghasemian
United States Nuclear Regulatory Commission
Office of Enforcement
MS 04 A15A
White Flint North
11555 Rockville Pike
Rockville, Maryland 20852

March 11, 2010

**Re: Chevron Environmental Management Company
Confirmation of Compliance with Confirmatory Order
Docket No. 040-08778, License No. SMB-1393
EA-08-054**

Dear Mr. Ghasemian:

On behalf of Chevron Environmental Management Company (CEMC), this correspondence and the documentation attached hereto are produced in response to your request on February 19, 2010, that CEMC provide information and supporting documentation verifying CEMC's compliance with the Confirmatory Order (CO) issued by the Nuclear Regulatory Commission (NRC) in the above-referenced matter. Based on our telephone conversation on February 19, 2010, it is my understanding that the NRC's request is in conformity with its standard procedures for verifying compliance with Confirmatory Orders. If my understanding is inaccurate, please advise.

Pursuant to Section V, of the CO, CEMC was required to complete six specific tasks (Items 1 through 6). Per your instructions during our February 19, 2010 telephone conversation, CEMC has compiled all of the information and documentation you requested. A detailed explanation of the attached documentation corresponding to each of the six specific actions items required under the CO follows below.

Section V, Item One (1) of the CO required that by no later than thirty (30) days after the issuance of the CO, a member of CEMC's management responsible for the Washington, Pennsylvania site (Washington site) communicate, in writing, CEMC's policy and the expectations of management to the Washington site workforce regarding their rights to raise concerns without fear of retaliation. CEMC distributed a document to the Washington site workforce entitled "Memorandum from Chevron Environmental Management Company ("CEMC") Regarding Safety Protocol at Washington, PA Remediation Project" on July 16,

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2008. The memorandum was from Mark Lafferty, CEMC's Deputy Project Owner, and it outlined, in detail, CEMC's policies regarding reporting safety concerns. Per your request, a copy of this Memorandum is attached hereto.

Section V, Item Two (2) of the CO required that by no later than thirty (30) days after the issuance of the CO, CEMC would distribute a questionnaire to all employees at the Washington site to assess, in part, whether employees understand their rights to raise concerns and solicit their willingness to raise safety concerns, if any. CEMC prepared questionnaires and then distributed them to all site employees. Employees were encouraged to complete the questionnaires and were told that their responses were to be anonymous. Employees were instructed that the completed questionnaires should be placed in a secure, locked box that CEMC provided in the employee break room. A total of 66 questionnaires were distributed and 24 employees responded to the questionnaires. Per your request, a copy of the questionnaire and the documentation confirming the specific distribution of the questionnaires is attached hereto.

In response to your request for an explanation of what was done with the results of the questionnaires, the completed questionnaires were analyzed and then utilized in conjunction with follow-up supervisor training and employee training (See: Items Five and Six below). You also asked for a brief summary of the results of the questionnaires. 7 out of 24 (29%) responded "Yes" to the question: Are you aware of situations where an employee or contractor may have been hesitant to raise safety concerns, internally or externally. However, employees did not indicate that employees or contractors hesitated to report safety concerns because they feared they would suffer negative consequences in retaliation for raising safety complaints. To the contrary, employees indicated that they thought employees or contractors were hesitant to raise safety concerns because of the potential negative impact on the person responsible for the safety issue itself that was being reported. When asked: "Would you say that your management is supportive of the NRC's Safety Conscious Work Environment Policy? – not a single person responded "No" and 21 of 24 said "Yes" (3 left it blank or gave non-committal answers).

Section V, Item Three (3) of the CO required that CEMC implement a new requirement of its contractors at the Washington site whereby contractors are required to confirm to CEMC, in writing, at the time any significant job action is

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being taken against a Washington site employee, that such action is not being implemented in retaliation for the employee raising safety-related concerns or in retaliation for filing a safety-related complaint either internally or externally, and to affirm that the job action is taken in compliance with 10 C.F.R. §40.7 “Employee Protection”. CEMC prepared a document entitled “Memorandum from Chevron Environmental Management Company (“CEMC”) Regarding Significant Job Actions Taken Against Employees Working at the Washington, PA Remediation Project” which mirrored the language in Item III of Section V of the CO in requiring contractors to provide written confirmation to CEMC at the time a significant job action is taken that it is not in retaliation for raising or filing a safety-related concern or complaint internally or externally and that it is taken in compliance with 10 C.F.R. §40.7. The memorandum was signed by Mark Lafferty, CEMC’s Deputy Project Owner. CEMC’s George Dawes, Assistant Project Manager and Radiation Safety Officer, then distributed the memorandum (along with a copy of 10 C.F.R. §40.7) and explained the newly-implemented requirement contained in the memorandum to each contractor at the Washington site on July 16, 2008. Per your request, a signed copy of the Memorandum is attached hereto.

Also, you requested that CEMC indicate whether there were any examples of significant job actions being taken by contractors subsequent to the implementation of the requirement that contractors provide written confirmation that such significant job action was not taken in retaliation for raising a safety-related concern or complaint and that it was taken in compliance with 10 C.F.R. §40.7. In response to your inquiry, there was one example of a significant job action being taken in 2009. In compliance with the requirement, the contractor, Malcolm Pirnie submitted a letter to CEMC on June 12, 2009, confirming that such significant job action was not taken in retaliation for raising a safety-related concern or complaint and that it was taken in compliance with 10 C.F.R. §40.7. A copy of the letter produced by Malcolm Pirnie is attached hereto.

Section V, Item Four (4) of the CO required that no later than thirty (30) days after the issuance of the CO that CEMC enter into a written agreement with its contractors performing work at the Washington site that requires compliance with 10 C.F.R. §40.7. You requested a copy of the template used for the written agreements with the contractors. Per your request, a copy of the template used is attached hereto.

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Section V, Item Five (5) of the CO required that no later than sixty (60) days after the issuance of the CO that CEMC provide training conducted by its counsel to all Washington site supervisory employees relating to 10 C.F.R. §40.7, "Employee Protection" and how to foster a safety conscious work environment. On August 13, 2008, CEMC, through its retained counsel experienced in labor and employment matters, Thorp Reed & Armstrong, conducted a training session at the Washington site for all of the Washington site's supervisory employees regarding 10 C.F.R. §40.7 and fostering a safety conscious work environment. In-house counsel for CEMC was also in attendance and provided specific information regarding CEMC's dedication to safety. The training included analysis of the responses contained in the previously-submitted employee questionnaires (See: Item 2) and portions of the training were tailored to specifically address comments made by employees in the questionnaires. Per your request, a copy of the supervisory training materials and handouts is attached hereto, along with the sign-in sheet documenting the attendance of the nineteen (19) supervisory level employees and contractors present at the training session.

Section V, Item Six (6) of the CO required that no later than seventy-five (75) days after the issuance of the CO that CEMC hold meetings with employees at the Washington site to emphasize the company's policy and management's expectation that employees can raise safety concerns without fear of retaliation. George Dawes, CEMC's Assistant Project Manager and Radiation Safety Officer, conducted the required meeting with employees on September 16, 2008, and at such meetings emphasized CEMC's policy and management's expectation that employees can raise safety concerns without fear of retaliation. Per your request, a copy of the sign-in sheet for the September 16, 2008, meeting and the agenda for the meeting is attached hereto.

As summarized above, CEMC has completed each of the requirements contained in the CO in a timely manner. CEMC understands and believes it is in full compliance with the NRC's directives as stated in the CO and that the information and documentation produced herein complies fully with your February 19, 2010, request for verifying information and documents. If the NRC has any further questions or comments regarding CEMC's compliance with the CO, please advise.



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Very truly yours,

Jeffrey R. Gordon, Outside
Legal Counsel for CEMC

JRG/jrg
Attachments