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May 11, 2017

Peter Habighorst
Chief, Export Controls and Nonproliferation Branch
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

RE: Source Production & Equipment Co., Inc.
Voluntary Self-Disclosure of Possible Violations
10 CFR Part 110

Dear Mr. Habighorst:

By letters, dated March 28, 2017 and April 27, 2017, on behalf of my client, Source Productions & Equipment Co., Inc. (SPEC), I advised the U.S. Nuclear Regulatory Commission (NRC) of apparent violations of the provisions of 10 CFR Part 110 concerning the importation of disused sealed sources of non-United States origin. In my letter of April 27, 2017, I informed the NRC of actions taken by SPEC to ensure compliance and prevent the importation of disused sealed sources of non-United States origin unless authorized by the NRC under a Specific License. With my letter of April 27th, I provided the NRC a copy of SPEC's correspondence notifying its sealed source customers located outside of the United States that SPEC will not accept for importation into the United States non-United States origin disused sealed sources; and that United States origin disused

sealed sources will only be accepted on a one-for-one exchange with a new sealed source exported by SPEC to the customer. In contravention of SPEC's express instructions, on May 8, 2017, Spec received from Gilligan Engineering Services of Prudhoe, Northumberland, United Kingdom a shipment consisting of thirty-nine (39) disused sealed sources; of which five (5) of the disused sealed sources are of non-United States origin as indicated on their respective Decay Charts and four (4) disused sealed sources are of unidentifiable origin. I have enclosed as Exhibit A to this letter a copy of the documents covering the aforementioned shipment. The documents include the five (5) Decay Charts which indicate the foreign origin of the subject disused sealed sources. I have also enclosed, as Exhibit B, SPEC's letter of April 7, 2017 advising Gilligan Engineering Services of SPEC's prohibition on the shipping to SPEC of disused sealed sources of non-United States origin. Included with Exhibit B is a copy of SPEC's email to Gilligan Engineering Services which contained the letter as an attachment; and, in turn, the email acknowledgment from Gilligan Engineering Services indicating that the email was received and read. You will note that SPEC's letter was acknowledged by Gilligan Engineering Services on April 18, 2017; yet eight (8) days later Gilligan Engineering Services dispatched foreign origin disused sealed sources in contravention of SPEC's clear instructions. SPEC is attempting to determine from Gilligan Engineering Services the circumstances concerning this shipment and why SPEC's instructions were disregarded. I will advise the NRC of Gilligan Engineering Services' response.

Would you please consider this letter and its enclosures as a supplement to SPEC's Voluntary Self-Disclosure. The representations made

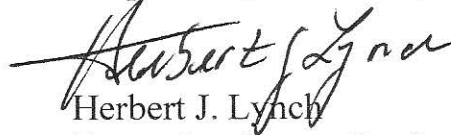
in this supplement to SPEC's Voluntary Self-Disclosure are made with the full knowledge and authorization of SPEC's Executive Management.

I mentioned in my letter of April 27th that SPEC takes pride in the Company's over forty-year history of compliance with its regulatory obligations.; and firmly believes that the corrective actions taken by SPEC will ensure compliance with NRC requirements concerning the importation of disused sealed sources. Despite this incident that was outside of SPEC's control and contrary to SPEC's instructions, SPEC remains confident that its corrective actions will ensure compliance. Please be assured of my client and my cooperation in the NRC's review of this matter.

Enclosures

cc: R. D. Dicharry

Respectfully submitted,



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Counsel to Source Production
and Equipment Co., Inc.

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