



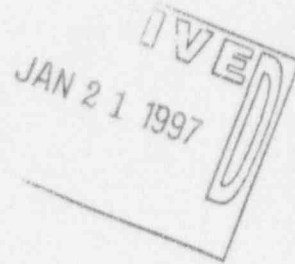
PHONE 234-2433

BOX 535

CASPER, WYOMING 82602

January 14, 1997

Mr. Ross A. Scarano, Director  
United States Nuclear Regulatory Commission  
Region IV  
611 Ryan Plaza Drive, Suite 400  
Arlington, TX 76011



Re: NRC INSPECTION 30-06811/96-01 AND NOTICE OF VIOLATION

Dear Mr. Scarano:

Reference your letter of December 27, 1996 and a field inspection conducted in Casper, Wyoming on December 12, 1996. Our response is as follows:

The oil industry within the state of Wyoming has declined in activity as evidenced by annual production decline from nearly 150 million bbls in the early 1980's to about one half that amount at the present time. This decline translated to exploration, drilling, and production is even more drastic. The oilfield service industry has declined to about one tenth what it was in the early 1980's. It is human nature to believe economic conditions will return to the same level as in the "good old days" and one tends to want to keep all employees fully trained and ready to conduct a job at any time under any conditions regardless of expense or practicality of such policy. Historically we have experienced industry "bust and boom" cycles which lasted from one to five years; however, the present "bust" cycle that started in the early 80's has left us with almost fifteen years of decline.

A few years ago we implemented a company policy that dictated all tracer operations be conducted by one logging supervisor regardless of whether it originated in an area serviced by our Casper station or in an area serviced by any of our other stations (Riverton, Evanston, or Powell). This one person is a qualified RSO as well as a logging supervisor. This seemed economically expedient in that the cost of continued periodic safety education of numerous logging supervisors with little to no expectation of using the training seemed to outweigh the expected profit from conducting our tracer jobs.

At the time we implemented our current policy of having an RSO make an inspection of

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to exceed one year we were optimistic that the number of jobs would warrant the procedure. RA logging jobs performed by us during 1993, 1994, 1995 and 1996 indicates our current policy would require an RSO on every job. In other words there is no logging supervisor that has conducted more than one job per year in any of the last four or five years. Statistics therefore indicate our policy regarding radioactive source logging should be the same as our policy regarding tracer work. We conclude the only practical policy is to require our RSO to be on --or conduct-- all RA source logging as well as all tracer jobs.

We are therefore changing our company policy to conform to the above procedure and have notified all of our logging supervisors that only one logging supervisor (Ted Morton) will be allowed to conduct RA logging until further notice. This does not foreclose the possibility of Ted Morton going on future jobs and taking a logging supervisor along for training.

It is our belief this change in procedure will put and maintain our operations in full compliance. Being the eternal optimist, and believing an industry turn around could happen sometime in the future we respectfully request this new procedure be considered "temporary" such that with appropriate notice to your office and with your agreement we could revert to the system wherein we could train logging supervisors as we have done in the past. We, of course would not plan on changing unless the work load suggested the trained logging supervisors would have the opportunity of performing numerous jobs per year.

Sincerely,

A handwritten signature in cursive script, appearing to read "T W Morton".

Ted Morton