



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TEXAS 76011-4005

November 3, 2007

Mr. David Huber, RSO
Baker Hughes Oilfield Operations, Inc.
dba Baker Atlas
2001 Rankin Road
P.O. Box 670968
Houston, Texas 77267-0968

SUBJECT: NRC INSPECTION REPORT 030-06402/07-001 AND NOTICE OF VIOLATION

Dear Mr. Huber:

This refers to the inspection conducted on August 15, 2007, at your corporate office in Houston, Texas, with subsequent inspections conducted at your facilities in Mills and Rock Springs, Wyoming, on September 11 and 13, 2007, respectively. The inspections examined activities conducted under your license as they relate to radiation safety and compliance with the Commission's rules and regulations and with the conditions of your license. Within these areas, the inspections consisted of selected examinations of procedures and representative records and interviews with personnel. Preliminary inspection findings were discussed with your staff at the conclusion of the onsite inspections in Wyoming. On October 15, 2007, you were contacted by telephone to clarify questions that arose during the inspections in Wyoming. After the questions were sufficiently answered, a final exit briefing of the inspection findings was provided.

Based on the results of this inspection, the NRC has determined that four Severity Level IV violations of NRC requirements occurred. The violations were evaluated in accordance with the NRC Enforcement Policy included on the NRC's Web site at www.nrc.gov/about-nrc/regulatory/enforcement.html.

The violations are cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in the subject Notice. The violations are being cited in the Notice because they were identified by the NRC, rather than being identified by the licensee.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. We request that you pay particular attention to describing your corrective actions and your management controls to prevent recurrence of this violation in the future. For your consideration and convenience, an excerpt from NRC Information Notice 96-28, "SUGGESTED GUIDANCE RELATING TO DEVELOPMENT AND IMPLEMENTATION OF CORRECTIVE ACTION," is enclosed. 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 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site 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 you have any questions concerning this inspection or the enclosed Notice, please contact Mr. Anthony D. Gaines at (817) 860-8252 or the undersigned at (817) 860-8287.

Sincerely,

/RA/

Vivian Campbell, Chief
Nuclear Materials Inspection Branch

Docket No.: 030-06402
License No.: 42-02964-01

Enclosures:
(1) Notice of Violation
(2) NRC Information Notice 96-28

cc w/Enclosure:
Texas Radiation Control Program Director

bcc w/enclosure (via e-mail distrib):
LDWert
CLCain
VHCampbell
JEWhitten
ADGaines
RITS Coordinator
NMSB-A
RIV Materials Docket File - 5th floor

SUNSI Review Completed: ADG
ADAMS: Yes Initials: ADG
 Publicly Available Non-Sensitive

DOCUMENT NAME: s:\dnms\lnmib\~REPORTS IN CONCURRENCE\Baker Hughes-nov.WPD Final: r:_dnms\

RIV:DNMS:NMSB-A	C:NMSB-A
ADGaines	VHCampbell
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11/01/07	11/03/07

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T=Telephone

E=E-mail

F=Fax

NOTICE OF VIOLATION

Baker Hughes Oilfield Operations, Inc.
Houston, Texas

Docket No.: 030-06402
License No.: 42-02964-01

During an NRC inspection conducted from August 15 to October 15, 2007, four violations of NRC requirements were identified. In accordance with the Enforcement Policy, the violations are listed below:

- A. 10 CFR 39.31(a)(1) requires that, the licensee not use a source, source holder, or logging tool that contains licensed material unless the smallest component that is transported as a separate piece of equipment with the licensed material inside bears a durable, legible, and clearly visible marking or label. The marking or label must contain the radiation symbol specified in § 20.1901(a), without the conventional color requirements, and the wording "DANGER (or CAUTION) RADIOACTIVE MATERIAL."

Contrary to the above, the licensee transported a logging tool that contained licensed material and the smallest component that was transported as a separate piece was not labeled. Specifically, the licensee routinely transported logging tools that consisted of three parts. One of the parts housed a neutron generator which contained licensed material and the part was not labeled.

This is a SL IV violation (Supplement VI).

- B. 10 CFR 39.31(a)(2) requires that, the licensee may not use a container to store licensed material unless the container has securely attached to it a durable, legible, and clearly visible label. The label must contain the radiation symbol specified in § 20.1901(a) of this chapter and the wording "CAUTION (or DANGER), RADIOACTIVE MATERIAL, NOTIFY CIVIL AUTHORITIES (or NAME OF COMPANY)."

Contrary to the above, the licensee stored logging tools that contained licensed material in containers and the containers were not labeled. Specifically, the licensee routinely stored logging tools that consisted of three parts in containers. One of the parts in the containers housed a neutron generator which contained licensed material and the containers were not labeled.

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

- C. 10 CFR 39.33(a) requires in part, that the licensee keep a calibrated and operable radiation survey instrument capable of detecting beta and gamma radiation at each field station and temporary jobsite to make the radiation surveys required by this Part and by Part 20 of this chapter.

10 CFR 39.33(c)(1) requires in part that, the licensee shall have each radiation survey instrument required under paragraph (a) of this section calibrated at intervals not to exceed 6 months.

ENCLOSURE

Contrary to the above, the licensee used radiation survey instruments to perform radiation surveys required by Part 39 and the instruments had not been calibrated at intervals not to exceed 6 months. Specifically, a survey instrument with serial number 208516 was calibrated on November 01, 2006, and was used on May 15, 16, and 18, 2007, and on June 01, 2007, a period greater than 6 months from the calibration date. Also, a survey instrument with serial number 123014 was calibrated on November 01, 2006, and was used on May 11, 15, 17, 19, 28, and 31, 2007, and on June 01, 05, 07, 22, and 23, 2007, a period greater than 6 months from the calibration date.

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

- D. License Condition 20 of NRC Byproduct Materials License 42-02964-01 requires, in part, that the licensee conduct its program in accordance with the statements, representations, and procedures contained in the documents, including any enclosures, in the licensee's application dated February 20, 2003.

In the licensee's application, under Item 8. titled, "Training for Logging Supervisors and Logging Assistants," the Section titled "annual inspection of job performance for well logging supervisors and logging assistants," it states that annual evaluations of logging supervisors are performed at intervals not to exceed 12 months, and are documented on form BA-1608.

Contrary to the above, the licensee performed annual evaluations of logging supervisors at intervals that exceeded 12 months. Specifically, annual evaluations of logging supervisors at the licensee's Mills and Rock Springs, Wyoming, field offices had not been performed for the years 2005, 2006, and had not been performed as of September 13, 2007, a period greater than 12 months.

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

Pursuant to the provisions of 10 CFR 2.201 Baker Hughes Oilfield Operations, Inc. is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555, with a copy to the Regional Administrator, Region IV, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation; and should include for each violation: (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. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. 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.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>, to the extent possible, it 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 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 2.790(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.

Dated this 3rd day of