



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION IV
612 EAST LAMAR BOULEVARD, SUITE 400
ARLINGTON, TEXAS 76011-4125

August 23, 2010

Pathfinder Energy Services, LLC
ATTN: Andrew Neil
Radiation Safety Officer
3329 West Pinhook Road
Lafayette, Louisiana 70508

SUBJECT: REQUEST FOR CONSENT TO INDIRECT LICENSE TRANSFER

By letter dated July 1, 2010, Pathfinder Energy Services, LLC submitted to the U.S. Nuclear Regulatory Commission (NRC) a Request for Consent to Indirect License Transfer of NRC Materials License No. 17-27623-01. Based on the information you provided, we understand that as a result of a proposed merger between Pathfinder Energy Services, LLC's parent company, Smith International, Inc, and Schlumberger Limited, control of Pathfinder Energy Services, LLC will indirectly be transferred to Schlumberger Limited, which will become the parent company to Smith International, Inc. We further understand that this transfer will not result in any change to the licensed name, licensed materials, persons using the licensed material, location of use of licensed material, or persons responsible for the licensee's radiation safety program.

Based on the above understandings and as more fully detailed in the enclosed NRC staff's Safety Evaluation Report which documents the NRC staff's review of the request, we have no objection to the proposed transfer. Please note that you will need to notify us promptly, in writing, after the transaction has been finalized and include a signed copy of the merger agreement confirming completion of the transaction. With this information, we can issue an administrative amendment to your NRC license to reflect the transaction, if necessary. If this planned merger has not been consummated within 30 days of the date of this letter, please notify us in writing. Please contact Roberto J. Torres at (817) 860-8189, or by email at robertoj.torres@nrc.gov if you have any questions regarding this letter.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

A handwritten signature in black ink, appearing to read "Roberto J. Torres".

Roberto J. Torres, Acting Chief
Nuclear Materials Safety Branch B

Docket: 030-34946
License: 17-27623-01
Control: 573156

Enclosure: As stated

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Roberto J. Torres, Acting Chief
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ADAMS	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> SUNSI Rev Complete	Reviewer Initials:	RJT
Publicly Avail	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Sensitive Value:	Non-sensitive	

NMSB-B	OGC	NMSB-B					
RTorres	TStokes	RTorres					
	NLO by email						
8/19/10	8/20/10	8/23/10					

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE NUMBER
17-27623-01 PATHFINDER ENERGY SERVICES, LLC**

DATE: August 23, 2010

DOCKET NO.: 030-34946

LICENSE NO.: 17-27623-01

LICENSEE: Pathfinder Energy Services, LLC
3329 West Pinhook Road, Lafayette, Louisiana 70508

TECHNICAL REVIEWER: Roberto J. Torres

SUMMARY AND CONCLUSIONS

Pathfinder Energy Services, LLC is authorized by NRC License 17-27623-01 for the possession and use of byproduct material for purposes of oil and gas well logging in areas of exclusive Federal jurisdiction. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed a request for consent to an indirect license transfer submitted by Pathfinder Energy Services, LLC that will result from a merger between Smith International, Inc., and Schlumberger Limited. Pathfinder Energy Services, LLC is currently a wholly-owned subsidiary of Smith International, Inc. Pathfinder Energy Services, LLC will remain a subsidiary of Smith International, Inc., and Smith International, Inc., in turn, will become a wholly-owned subsidiary of Schlumberger Limited. The indirect transfer of control is described in Agency Documents Access and management System (ADAMS) accession number ML102100521.

The request for consent was reviewed by NRC staff for an indirect change in control of a 10 CFR Part 30 license using the guidance in NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses – Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated November 2000. The NRC staff finds that the information submitted by Pathfinder Energy Services, LLC sufficiently describes and documents the transaction and commitments made by Schlumberger Limited and Pathfinder Energy Services, LLC.

As required by 10 CFR 30.34 and section 184 of the Atomic Energy Act of 1954, as amended (the Act), NRC staff has reviewed the application and finds that the proposed change in control is in accordance with the Act. The staff finds that, after the change of control, Pathfinder Energy Services, LLC will remain qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and promotes the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Licensing Tracking System (LTS), Pathfinder Energy Services, LLC has been an NRC licensee since March 6, 1999. The NRC conducted a main office inspection of Pathfinder Energy Services, LLC on April 21, 2008, and no violations were identified during this inspection. The commitments made by Schlumberger Limited and Pathfinder Energy Services, LLC state that Pathfinder Energy Services, LLC (License 17-27623-01):

- A. will not change the radiation safety officer listed in the NRC license;
- B. will not change the personnel involved in licensed activities;
- C. will not change the locations, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license;
- E. will not change the organization's name listed in the NRC license; and
- F. will keep regulatory required surveillance records and decommissioning records.

Schlumberger Limited has two subsidiaries that possess active NRC licenses: Schlumberger Technology (License 42-00090-03 that authorizes oil and gas well logging) and Schlumberger Technology Corporation (License 42-27055-01 that authorizes fixed gauging devices). Therefore, for security purposes, Schlumberger Limited is considered a known entity following the guidance provided by the NRC's Office of Federal and State Materials and Environmental Management Programs (FSME) "Checklist to provide a basis for confidence that radioactive materials will be used as specified on the license", September 3, 2008 revision. The purpose of this checklist is for the NRC to obtain reasonable assurance from new license applicants or NRC licensees transferring control of licensed activities that the licensed material will be used for its intended purpose and not for malevolent use.

Pathfinder Energy Services, LLC is not required to have decommissioning financial assurance based on the types and amount of material authorized in License 17-27623-01.

REGULATORY FRAMEWORK

Pathfinder Energy Services, LLC's License 17-27623-01, was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material. The Commission is required by 10 CFR 30.34 to determine if the change of control is in accordance with the provisions of the Act and give its consent in writing.

Pathfinder Energy Services, LLC
Safety Evaluation Report

10 CFR 30.34(b) states:

No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing.

As previously indicated, the staff's evaluation is based on guidance in NUREG-1556, Volume 15. As discussed in NUREG-1556, Volume 15, NRC is generally using the term "change of control" rather than the statutory term "transfer" to describe the variety of events that could require prior notification and written consent of the NRC. The central issue is whether the authority over the license has changed. Pathfinder Energy Services, LLC's request for consent describes an indirect change of control resulting from a planned merger between Pathfinder Energy Services, LLC's parent company, Smith International, Inc., and Schlumberger Limited. Following the completion of the merger, Pathfinder Energy Services, LLC will indirectly, through Smith International, Inc., become a wholly-owned subsidiary of Schlumberger Limited and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in ADAMS accession number ML102100521. After completion of the merger, Pathfinder Energy Services, LLC will continue as the licensee and remain in control of all licensed activities under Materials License No. 17-27623-01. The NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction, and is consistent with the guidance provided in Appendix F of NUREG-1556, Volume 15.

TRANSFEREE'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

The NRC staff finds that the information submitted by Pathfinder Energy Services, LLC sufficiently describes and documents the commitments made by Schlumberger Limited and Pathfinder Energy Services, LLC consistent with the guidance in NUREG-1556.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required since this action is categorically excluded under 10 CFR 51.22(c)(14)(xi).

CONCLUSION

The staff has reviewed the request for consent submitted by both parties with regard to an indirect change of control of byproduct materials license 17-27623-01 and approves the application pursuant to 10 CFR 30.34(b).

The submitted information sufficiently describes the transaction; documents the understanding of the license and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they will maintain the existing records; and, in the future, will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15.

Therefore, the staff concludes that the proposed change in control would not alter the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.