



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
612 EAST LAMAR BLVD, SUITE 400
ARLINGTON, TEXAS 76011-4125

June 30, 2011

Baker Hughes Oilfield Operations, Inc.
dba Baker Atlas
ATTN: David Huber
Radiation Safety Officer
P.O. Box 670968
Houston, Texas 77267-0968

SUBJECT: VOIDANCE OF LICENSE AMENDMENT REQUEST AND LICENSE MODIFICATION

Mr. Huber:

Your letter dated April 1, 2011, requesting to amend License Number 42-02964-01 to authorize permission to log fresh water aquifers is being voided without prejudice for the following reason.

- 1. The information described in your letter dated April 1, 2011, needs to be incorporated in Baker Hughes' operating and emergency (O&E) procedures. In addition, the key elements described in section 8.10.12.4, "Use of Sealed Sources or Neutron Generators in Fresh Water Aquifers" (page 8-55 of NUREG-1556, Volume 14), need to be address in the O&E procedures. Please submit copy of Baker Hughes' revised O&E procedures for NRC review and approval. The NRC will reinstate your amendment request upon receipt of this information.**

An examination of Baker Hughes' financial assurance information for License Number 42-02964-041 shows that the Standby Trust Agreement needs to be amended to reflect the decommissioning financial assurance amount of \$113,000. The current Standby Trust Agreement for Baker Hughes being held by the NRC is outdated since it reflects an outdated amount of \$75,000. The NRC has requested on multiple occasions that an amended Standby Trust Agreement be submitted to the NRC for review and approval (enclosures). As of the date of this letter, the NRC has not received from Baker Hughes an amended Standby Trust Agreement. Therefore, License Number 42-02964-01 is being modified by adding a new license condition 19 that requires Baker Hughes to maintain quantities of radioactive material in NRC jurisdiction below the levels required to have decommissioning financial assurance. Other modifications to the license were made in conditions 8 based on the information provided in the 2004 renewal application. All changes made in Amendment Number 78 are identified in boldface.

Please find enclosed Amendment Number 78 to NRC License Number 42-02964-01. An environmental assessment for this action is not required, since this action is categorically excluded under 10 CFR 51.22(c)(14)(xi). You should review the enclosed document carefully and be sure that you understand all conditions. You contact me at robertoj.torres@nrc.gov if you have any questions about this license.

Baker Hughes Oilfield Operations, Inc. -2-
dba Baker Atlas

NRC's Regulatory Issue Summary (RIS) 2005-31, provides criteria to identify security-related sensitive information and guidance for handling and marking of such documents. This ensures that potentially sensitive information is not made publicly available through ADAMS. The RIS may be located on the NRC Web site at: <http://www.nrc.gov/reading-rm/doc-collections/gen-comm/reg-issues/2005/>. Pursuant to NRC's RIS 2005-31, the enclosed materials license will not be made publicly available.

NRC will periodically inspect your radiation safety program. Failure to conduct your program according to NRC regulations, license conditions, and representations made in your license application and supplemental correspondence with NRC may result in enforcement action against you. This could include issuance of a notice of violation; imposition of a civil penalty; or an order suspending, modifying, or revoking your license as specified in the NRC Enforcement Policy. The NRC Enforcement Policy is available on the following internet address: <http://www.nrc.gov/reading-rm/doc-collections/enforcement/>.

An electronic version of the NRC's regulations is available on the NRC Web site at www.nrc.gov. Additional information regarding use of radioactive materials may be obtained on the NRC Web site at <http://www.nrc.gov/materials/miau/mat-toolkits.html>. This site also provides the link to the toolbox for updated information on the revised regulations for naturally-occurring and accelerator-produced radioactive materials (NARM).

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Thank you for your cooperation.

Sincerely,

/RA/

Roberto J. Torres, Senior Health Physicist
Nuclear Materials Safety Branch B

Docket: 030-06402
License: 42-02964-01
Control: 574809

Enclosures: As stated