

From: Raymond Dickes [dickes1@slb.com]
Sent: Friday, May 27, 2011 11:39 AM
To: Torres, RobertoJ
Subject: RE: Questions

Roberto,

Below is a summary of the proposed transactions and our amendment request and answers to your questions. Please let me know if you require more information on the proposed transaction.

Summary of Transactions and Amendment Request

Schlumberger Technology Corporation is owned by Schlumberger Holdings Corporation, which is a wholly-owned subsidiary of Schlumberger BV, which is a wholly-owned subsidiary of Schlumberger Limited. Both E&P Wireline LLC and Pathfinder Services LLC are owned by Smith International, which is owned by Schlumberger Holdings Corporation, which is a wholly-owned subsidiary of Schlumberger BV, which is a wholly-owned subsidiary of Schlumberger Limited. Thus all three companies have the same parent company.

Two separate transactions are planned as follows:

1. E&P Wireline LLC will be merged with Schlumberger Technology Corporation and Schlumberger Technology Corporation will be the remaining legal entity following this merger. Following the merger, Schlumberger Technology Corporation will continue to be owned by Schlumberger Holdings Corporation, which is a wholly-owned subsidiary of Schlumberger BV, which is a wholly-owned subsidiary of Schlumberger Limited. The exact date for this merger has not been set but is likely to take place in the middle of August 2011; and
2. Pathfinder Services LLC will be merged with Schlumberger Technology Corporation and Schlumberger Technology Corporation will be the remaining legal entity following this merger. Following the merger, Schlumberger Technology Corporation will continue to be owned by Schlumberger Holdings Corporation, which is a wholly-owned subsidiary of Schlumberger BV, which is a wholly-owned subsidiary of Schlumberger Limited. The exact date for this merger has not been set but this merger has been delayed and likely will take place in the second half of 2012;

In addition to the two proposed mergers, Schlumberger Technology Corporation will begin performing well logging using well logging tools and sources identical to those used by Pathfinder before the merger of Pathfinder Services LLC with Schlumberger Technology Corporation is completed. Thus the amendment request for the Schlumberger Technology Corporation license dated February 16, 2011 is also required to allow Schlumberger Technology Corporation to begin performing well logging using well logging tools and sources identical to those used by Pathfinder. This expansion of Schlumberger Technology Corporation's services does not require any change of control or ownership of Schlumberger Technology Corporation. In addition these well logging services can be completed using Schlumberger Technology Corporation's current procedures and requires only a simple license amendment to add the source models.

Your questions (answers in RED):

1. Will E&P Wireline LLC (E&P) and Pathfinder Services LLC (P) terminate their NRC licenses before the proposed transaction, on the date of the proposed transaction, or after the proposed transaction? **E&P Wireline LLC will not exist on the day of the merger and thus E&P Wireline LLC's license will be terminated that day. Similarly, Pathfinder Services LLC will not exist on the day of the merger and thus Pathfinder Services LLC's license will be terminated that day.**
2. With regard to the asset transfer:
 - a. Will E&P's and Pathfinder's sources be transferred to Schlumberger (i.e., transfer of sources ONLY)? **Two mergers will take place and on different dates. A merger of two legal entities involves the combining of all assets, properties, employees, etc. under one of the two legal entities involved in the merger. In this case, Schlumberger Technology Corporation will be the remaining legal entity. Following the merger of E&P Wireline LLC with Schlumberger Technology Corporation, Schlumberger Technology will own all E&P Wireline LLC assets, including E&P sources. Following the merger of Pathfinder Services LLC with Schlumberger Technology Corporation, Schlumberger Technology will own all Pathfinder Services LLC assets, including Pathfinder sources.**
 - b. Will E&P's and Pathfinder's NRC licenses be transferred to Schlumberger (i.e., transfer of licenses ONLY, no source transfer)? **E&P Wireline LLC (E&P) and Pathfinder Services LLC licenses will not be transferred to Schlumberger Technology Corporation, these licenses will be terminated on the day each separate merger is completed.**
 - c. Will E&P's and Pathfinder's sources AND NRC licenses be transferred to Schlumberger (i.e., transfer of sources AND licenses)? **E&P Wireline LLC (E&P) and Pathfinder Services LLC assets will be transferred to Schlumberger Technology Corporation. These assets will be transferred on the day each separate merger is completed.**
3. Is there a reason (e.g., bankruptcy) why E&P and Pathfinder are willing to divest themselves of all their assets? **E&P Wireline LLC (E&P) and Pathfinder Services LLC perform well logging services and well logging services are also performed by Schlumberger Technology Corporation. Since all three companies are owned by Schlumberger Limited, the proposed transactions are intended to have all Schlumberger well logging services in the U.S. performed by a single company, in this case Schlumberger Technology Corporation.**

Regards,

Raymond Dickes
Schlumberger Radiation and Explosives Safety Officer

From: Torres, RobertoJ [<mailto:RobertoJ.Torres@nrc.gov>]
Sent: Tuesday, May 17, 2011 3:29 PM
To: Raymond Dickes
Subject: Questions

Mr. Dickes:

Can you please provide a response by email to the following questions to help us better understand the proposed transaction? Thank you.

1. Will E&P Wireline LLC (E&P) and Pathfinder Services LLC (P) terminate their NRC licenses before the proposed transaction, on the date of the proposed transaction, or after the proposed transaction?
2. With regard to the asset transfer:
 - A. Will E&P's and Pathfinder's sources be transferred to Schlumberger (i.e., transfer of sources ONLY)?
 - B. Will E&P's and Pathfinder's NRC licenses be transferred to Schlumberger (i.e., transfer of licenses ONLY, no source transfer)?
 - C. Will E&P's and Pathfinder's sources AND NRC licenses be transferred to Schlumberger (i.e., transfer of sources AND licenses)?
3. Is there a reason (e.g., bankruptcy) why E&P and Pathfinder are willing to divest themselves of all their assets?

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