



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

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

October 17, 2011

Baker Hughes Oilfield Operations, Inc.  
Through its Pressure Pumping Service Line  
ATTN: Philip G. Simpkin  
Radiation Safety Officer  
2001 Rankin Road  
Houston, TX 77073

SUBJECT: LICENSE AMENDMENT AND NOTICE OF VIOLATION

Dear Mr. Simpkin:

This letter refers to NRC's review of the change of control and/or transfer of ownership dated September 12, 2011, that was submitted to the NRC Region IV office by Baker Hughes Oilfield Operations, Inc. Through its Pressure Pumping Service Line. The change of control and/or transfer of ownership supporting documentation stated that a merger of BJ Services Company, U.S.A. and Baker Hughes Oilfield Operations, Inc. resulted in Baker Hughes Oilfield Operations, Inc. Through its Pressure Pumping Service Line. In addition, the change of control and/or transfer of ownership documentation stated that there were changes in the corporate Radiation Safety Officer (RSO) and corporate mailing address. Baker Hughes Oilfield Operations, Inc. Through its Pressure Pumping Service Line agrees to abide by all constraints, conditions, requirements, and commitments of BJ Services Company, U.S.A.

Based on the information developed during the review of the license amendment requests dated May 26 and July 14, 2011, for the change of control and/or transfer of ownership, the NRC determined that one Severity Level IV violation of NRC requirements occurred. The violation involved the failure to obtain NRC approval and consent in writing prior to the merger associated with the radioactive materials license. Licensees are expected to notify NRC of a proposed change of control and/or transfer of ownership in a timely manner, allowing NRC enough time to carry out its statutory mandate of ensuring that licensed materials are adequately secured and that public health and safety and the environment are protected.

This violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding them are described in detail in the Notice. This violation is being cited in the Notice because it was identified by the NRC.

The failure to notify the NRC in a timely manner and obtain NRC's prior written consent is typically considered to be a Severity Level III violation with a civil penalty. However, (1) since the new corporate RSO has had radioactive materials documented training in using a fixed gauge (2) since the change in the corporate mailing address is within an agreement state in which the U.S. NRC has no jurisdiction, and (3) since the NRC was notified in writing that two changes of control and/or transfers of ownership had occurred, the violation is categorized as a Severity Level IV violation in accordance with the NRC Enforcement Policy.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. For your consideration and convenience, NRC Information Notice 96-28, "Suggested Guidance Relating to Development and Implementation of Corrective Action," is enclosed. If you have additional information that you believe the NRC should consider, you may provide it in your response to the Notice. The NRC review of your response to the Notice will also determine whether further enforcement action is necessary to ensure compliance with regulatory requirements.

Please find enclosed Amendment 19 to NRC License 42-19649-01 changing Items 1 and 2 of the license and changing the RSO, as requested. The NRC has reviewed the documentation and determined a change of control and/or transfer of ownership occurred as a result of the merger. Your license has subsequently been amended to reflect the change of control. An environmental assessment for this action is not required, since this action is categorically excluded under 10 CFR 51.22(c)(14)(viii). You should review the enclosed document carefully and be sure that you understand all conditions.

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/>. Additionally, the link for frequently asked questions may be located at: <http://www.nrc.gov/reading-rm/sensitive-info/materials.html>. Pursuant to NRC's RIS 2005-31, the enclosed materials license will not be made publicly available.

NRC expects licensees to conduct their programs with meticulous attention to detail and a high standard of compliance. Because of the serious consequences to employees and the public that can result from failure to comply with NRC requirements, you must conduct your radiation safety program according to the conditions of your NRC license, representations made in your license application, and NRC regulations. In particular, note that you must:

1. Operate by NRC regulations 10 CFR Part 19, "Notices, Instructions and Reports to Workers: Inspection and Investigations," 10 CFR Part 20, "Standards for Protection Against Radiation," and other applicable regulations.
2. Notify NRC in writing of any change in mailing address.
3. By 10 CFR 30.36(d) and/or license condition, notify NRC promptly, in writing, and request termination of the license:
  - a. When you decide to terminate all activities involving materials authorized under the license whether at the entire site or any separate building or outdoor area;
  - b. If you decide not to acquire or possess and use authorized material; or
  - c. When no principal activities under the license have been conducted for a period of 24 months.

4. Request and obtain a license amendment before you:
  - a. Change Radiation Safety Officers;
  - b. Order byproduct material in excess of the amount, radionuclide, or form authorized on the license;
  - c. Add or change the areas or address(es) of use identified in the license application or on the license, except for areas of use where byproduct material is used only in accordance with either 10 CFR 35.100 or 35.200; or
  - d. Change the name or ownership of your organization.
5. Submit a complete renewal application or termination request at least 30 days before the expiration date on your license. You will receive a reminder notice approximately 90 days before the expiration date. Possession of radioactive material after your license expires is a violation of NRC regulations.

In addition, please note that NRC Form 313 requires the applicant, by signature, to verify that the applicant understands that all statements contained in the application are true and correct to the best of the applicant's knowledge. The signatory for the application should be the licensee or certifying official rather than a consultant. Since the NRC also accepts a letter requesting amendment of an NRC license, the signatory for such a request should also be the licensee or certifying official rather than a consultant.

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/>.

NRC no longer publishes the NRC Rules and Regulations loose leaf supplements. However, an electronic version of the NRC's regulations is available on the NRC Web site at [www.nrc.gov](http://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>. To the extent possible, your response should not include any personal privacy or proprietary information so that it can be made available to the public without redaction.

Baker Hughes Oilfield Operations, Inc.       -4-  
Through its Pressure Pumping Services Line

Should you have any questions concerning this matter, please contact Ms. Jacqueline D. Cook at 817-860-8132 or the undersigned at 817-860-8197.

Sincerely,

***/RA/ by J. Cook for***

Jack E. Whitten, Chief  
Nuclear Materials Safety Branch B

Docket: 030-19037  
License: 42-19649-01  
Control: 575637

Enclosures:

1. Notice of Violation
2. NRC Information Notice 96-28

Baker Hughes Oilfield Operations, Inc. -5-  
 Through its Pressure Pumping Services Line

bcc w/Enclosure:  
 R. Caniano, D:DNMS  
 V. Campbell, DD:DNMS  
 C. Cain, SMA:DNMS  
 R4DNMS\_MS-B  
 M. Herrera, Fee Coordinator

Hard Copy:  
 RIV Materials Docket File  
 DNMS Secretarial Area

S:\DNMS\INMIB\~Reports in Concurrence\Baker Hughes Oilfield Operations NOV  
 R:\\_DNMS\2011\Baker Hughes Oilfield Operations NOV.doc ML11291A074

|                |  |  |   |                        |
|----------------|--|--|---|------------------------|
| ADAMS          | <input type="checkbox"/> No                            | <input checked="" type="checkbox"/> Yes          | <input checked="" type="checkbox"/> SUNSI Review Complete | Reviewer Initials: JDC |
|                | <input checked="" type="checkbox"/> Publicly Available | <input checked="" type="checkbox"/> Nonsensitive |   |                        |
|                | <input type="checkbox"/> Nonpublicly Available         | <input type="checkbox"/> Sensitive               |   |                        |
| RIV:SHP:NMSB-B | C:NMSB-B   |  |   |                        |
| JDCook;dlf     | JEWhitten  |  |   |                        |
| <b>/RA/</b>    | <b>JDCook for</b>                                      |  |   |                        |
| 10/7/11        | 10/17/11   |  |   |                        |

OFFICIAL RECORD COPY

T=Telephone

E=E-mail

F=Fax

## NOTICE OF VIOLATION

Baker Hughes Oilfield Operations, Inc.  
Through its Pressure Pumping Service Line  
Houston, Texas

Docket: 030-19037  
License: 42-19649-01

In amendment requests dated May 26 and July 14, 2011, for a change of control and/or transfer of ownership dated September 12, 2011, one violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

10 CFR 30.34(b) requires, in part, that no license issued or granted pursuant to the regulations 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.

Contrary to the above, on June 30, 2011, the licensee performed a transfer of control of NRC License 42-19649-01 without receiving the Commission's consent in writing. Specifically, BJ Services Company, U.S.A. merged with Baker Hughes Oilfield Operations, Inc., resulting in Baker Hughes Oilfield Operations, Inc. Through its Pressure Pumping Service Line on June 30, 2011, which constituted a change of control under 10 CFR 30.34(b), without prior NRC approval and consent in writing.

This is a Severity Level IV violation (Section 6.3).

Pursuant to the provisions of 10 CFR 2.201, Baker Hughes Oilfield Operations, Inc. Through its Pressure Pumping Service Line is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, 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, 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, U.S. 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 2.390(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 17th day of October 2011