

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE
NUMBER SNM-1826, REUTER-STOKES, INC.**

DATE: June 7, 2017

DOCKET NO.: 070-02872

LICENSE NO.: SNM-1826

LICENSEE: Reuter-Stokes, Inc.
Edison Park
8499 Darrow Road
Twinsburg, OH 44087

TECHNICAL REVIEWER: Jennifer L. Bishop

SUMMARY AND CONCLUSIONS

Reuter-Stokes, Inc. is authorized by NRC License No. SNM-1826 for the possession and use of special nuclear material for purposes of manufacturing fission counters and chambers. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed a request for consent to an indirect license transfer submitted by Reuter-Stokes, Inc. that will result from a merger between Reuter-Stokes, Inc. and Baker Hughes, Inc. Following this transaction, Reuter-Stokes, Inc. will become a subsidiary of a new corporation, Newco, LLC. As a result of the merger, General Electric, which is the parent company of Reuter-Stokes, Inc., will maintain 62.5 percent of the new company and Baker Hughes, Inc. will have 37.5 percent of the voting rights to this new company. The indirect transfer of control is described in Agency Documents Access and Management System (ADAMS) accession number ML17095A827.

The request for consent was reviewed by NRC staff for indirect change in control of a 10 CFR Part 70 license using the guidance in NUREG 1556, Volume 15, Revision 1, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses." The NRC staff finds that the information submitted by Reuter-Stokes, Inc. sufficiently describes and documents the transaction and commitments made by Baker Hughes, Inc. and Reuter-Stokes, Inc.

As required by 10 CFR 70.36 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, Reuter-Stokes, Inc. 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 Web Based Licensing System (WBL), Reuter-Stokes, Inc. has been an NRC licensee since June 28, 1978. The NRC conducted a main office inspection of Reuter-Stokes, Inc. on July 14-15, 2014, and no violations were identified during this inspection. The commitments made by Baker Hughes, Inc. and Reuter-Stokes, Inc. state that Reuter-Stokes, Inc. (License No. SNM-1826):

- 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.

Baker Hughes, Inc. currently holds an NRC license for the use of radioactive materials used in oil and gas well logging. Therefore, for security purposes, Baker Hughes, Inc. 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.

Reuter-Stokes, Inc. is required to have decommissioning financial assurance based on the types and amount of material authorized in License No. SNM-1826.

REGULATORY FRAMEWORK

Reuter-Stokes, Inc.'s License No. SNM-1826, was issued under 10 CFR Part 70, Domestic Licensing of Special Nuclear Material. The Commission is required by 10 CFR 70.36 to determine if the change of control is in accordance with the provisions of the Act and give its consent in writing.

10 CFR 70.36 states: "No license granted under the regulations in this part and no right to possess or utilize special nuclear material granted by any license issued pursuant to the regulations in this part 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 evaluation is based on guidance in NUREG-1556, Volume 15, Revision 1. As discussed in NUREG-1556, Volume 15, Revision 1, 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. Reuter-Stokes, Inc.'s request for consent describes indirect change of control resulting from a planned merger between Reuter-Stokes, Inc. and Baker Hughes, Inc., which will form a new company Newco, LLC. The as a result of this transaction General Electric will maintain 62.5 percent of the new company and Baker Hughes, Inc. will have 37.5 percent of the voting rights to this new company. Reuter-Stokes, Inc. will become a subsidiary of a new corporation, Newco, LLC and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in ADAMS accession number ML17095A827. After completion of the merger, Reuter-Stokes, Inc. will continue as the licensee and remain in control of all licensed activities under Materials License No. SNM-1826. 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 E of NUREG-1556, Volume 15, Revision 1.

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

The NRC staff finds that the information submitted by Reuter-Stokes, Inc. sufficiently describes and documents the commitments made by Baker Hughes, Inc. and Reuter-Stokes, Inc., and is consistent with the guidance in NUREG-1556, Volume 15, Revision 1.

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 number SNM-1826 and approves the application pursuant to 10 CFR 70.36.

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, Revision 1.

Therefore, the staff concludes that the proposed change in control would not alter the previous findings, made under 10 CFR Part 70, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.