

UNITED STATES
NUCLEAR REGULATORY COMMISSION

In the Matter of
Midwest Wireline Logging and
Perforating, Inc.
Seminole, Oklahoma

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Docket No. 030-20318
License No. 35-23155-01
EA 88-166

NOTICE OF TERMINATION OF LICENSE

I

Midwest Wireline Logging and Perforating, Inc. (licensee), doing business as Midwest Logging and Perforating, Inc., is the holder of Material License No. 35-23155-01 issued by the Nuclear Regulatory Commission (NRC or Commission) on November 30, 1984. The license is due to expire on November 30, 1989. The license authorizes the licensee to possess and use sealed sources of americium-241 (Gammatron, Inc. Model AN-HP or Gulf Nuclear, Inc., Model AmBe-71-2A) and cesium-137 (Gulf Nuclear, Inc., Model CSV) for oil and gas well logging.

II

On June 8, 1988, an NRC Region IV inspector conducted an inspection at the licensee's facility in Seminole, Oklahoma and found Mr. Steven Smith, owner and operator, preparing to depart the licensee's facility with a 3-curie americium well-logging source which was loaded on the licensee's truck. Mr. Smith stated that this was the first opportunity to use the source, which he had obtained in November 1987. Mr. Smith further stated that the source had been kept in the licensee's storage facility until that morning. The inspection disclosed 23 violations of NRC regulations and license requirements. One of the violations included the possession of a 3 curie americium-241, Gulf

Nuclear, Inc., Model AmBe 71-1-397B well logging source, a source model number not authorized by the NRC license. (On June 8, 1988, the NRC inspector found this unauthorized source, as described above, on the licensee's truck.)

On July 19, 1988, an enforcement conference was conducted with Mr. Smith in NRC Region IV's offices in Arlington, Texas. During the enforcement conference Mr. Smith acknowledged that the violations had occurred and repeated the statement he had made to the inspector on June 8, 1988, that he had not used the unauthorized well-logging source since he had obtained it in November of 1987. In support of his statement he presented a bill of sale dated November 1, 1987, and indicated he had taken possession of the unauthorized source somewhere on a highway in Seminole.

After the enforcement conference on July 19, 1988 was concluded, due to inconsistencies between records possessed by the NRC and statements made by Mr. Smith, Mr. Smith was interviewed by an NRC investigator from the Office of Investigations (OI) Field Office, Region IV. When shown a copy of a completed NRC Form 314, which indicated that the unauthorized source was transferred from Midwestern Wireline Corporation (MWC) to the licensee on July 1, 1986, Mr. Smith stated that this was an incorrect and false document. Mr. Smith stated he did not receive the unauthorized source in 1986 and had not purchased any sources prior to November 1987. Mr. Smith stated he had no recollection of any discussion with an NRC representative or anyone else in 1986 concerning obtaining a source from MWC, but he did recall speaking to someone at Region IV concerning correcting the name of the corporation on Midwest's NRC license. Mr. Smith continued to maintain he had not purchased any sources prior to

November 1987 and repeated that he had not used the unauthorized well-logging source the inspector found in his possession during the June 8, 1988 inspection.

On August 29, 1988, based on the safety significance of the 23 violations identified during the June 8, 1988 inspection which demonstrated the licensee's lack of knowledge of Commission regulations, the NRC issued an immediately effective Order that suspended Byproduct Material License No. 35-23155-01 and required the licensee to show cause why the license should not be revoked. The Order also required the licensee to transfer its licensed material to an authorized recipient. In letters dated September 15 and September 23, 1988, the licensee indicated that: the unauthorized well-logging source in his possession was transferred to an authorized recipient on September 19, 1988, he had successfully completed additional training in radiological safety, a consultant had been employed to oversee improvements in his radiation safety program, and other actions had been taken to correct each of the 23 violations disclosed by the June 8, 1988 inspection.

While the licensee's response to the August 29, 1988 Order was being evaluated, NRC received preliminary results from an OI investigation conducted to determine whether Mr. Smith made false statements to the NRC regarding his receipt and use of a 3 curie Gulf Nuclear, Inc., Model AmBe-71-1-397B well-logging source (a source model number not authorized by NRC License No. 35-12155-01) that was in his possession at the time of the June 1988 inspection. During this investigation, Mr. Smith was reinterviewed by an OI investigator at his place of business, 2220 Harvey Road, Seminole, Oklahoma.

The OI investigation concluded that:

From January 1984 through November 1987, Mr. Smith willfully conducted unauthorized neutron logging with a source that was obtained from Midwestern Wireline Corporation (MWC). Additionally, Mr. Smith intentionally prepared a false Bill of Sale for the neutron source that was used between those dates, and presented it to NRC personnel at the Enforcement Conference. Finally, Mr. Smith intentionally provided false information to a Region IV inspector on June 8, 1988, an OI investigator on July 10, 1988, and intentionally misled Region IV personnel during a July 19, 1988, Enforcement Conference.

The staff has concluded that, contrary to his statements to NRC personnel, Mr. Smith: (1) not only had control of, and had been in possession of a Gulf Nuclear, Inc., Model AmBe 71-1-397B well-logging source without a license since January 1984, but also continued to possess and control this source which was not the specified source model number authorized by License No. 35-23155-01 since November 30, 1984, (2) had conducted well-logging operations using this unauthorized source on at least seven occasions before the June 8, 1988 inspection, and (3) made false statements to NRC representatives during the inspection, enforcement conference and initial OI interview, and presented an inaccurate bill of sale.

The willful violations of NRC requirements that were concluded by the OI

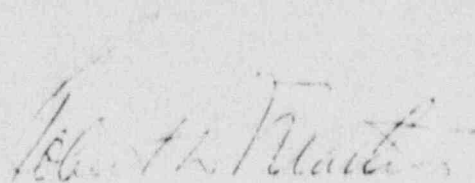
investigation were referred to the Department of Justice on March 20, 1989. Mr. Smith was indicted and convicted on one count for violation of 18 U.S.C. 1001.

More recently, Mr. Smith filed with the Commission NRC Form 314, "Certificate of Disposition of Materials," dated November 3, 1989. This submittal certified that all materials procured and/or possessed by the licensee had been transferred to an authorized recipient, and requested that License No. 35-23155-01 be terminated.

III

In view of the request for license termination, it is unnecessary to act on the outstanding Show Cause Order. Accordingly, License No. 35-23155-01 is terminated.

FOR THE NUCLEAR REGULATORY COMMISSION



Robert D. Martin

Regional Administrator

Dated at Arlington, Texas

this 17th day of November 1989