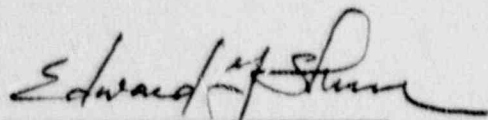




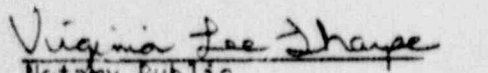
5. The site characterization plan consists of (1) radiological characterization and (2) hydrogeological evaluation. The objective of the radiological characterization is to determine the horizontal and vertical limits and ranges of radioactive contamination and to determine the volume of waste and clean-up cost.

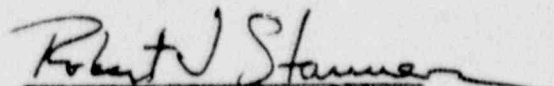
6. The radiological characterization includes site preparation (clearing, gridding, magnetometry); measurements and sampling; sample analysis and data evaluation. The total cost is estimated by Oak Ridge Associated Universities (NRC's contractor for site survey) to be about \$500,000.

7. The purpose of hydrogeological evaluation is to provide information on groundwater contamination and contaminant transport via groundwater pathway, potentially off-site. The program consists of sampling and analysis of groundwater from existing wells; drilling, sampling and analysis of additional wells; simple modeling; and data evaluation. The analyses include radiological and nonradiological components. The current conceptual model of site hydrology will be evaluated, and predictions of potential contaminant mitigation are to be performed as the basis for planning mitigative actions. The total cost is estimated by NRC staff and Pacific Northwest Lab (NRC's contractor for hydrogeological modeling for low-level waste disposal sites) to be about \$500,000.

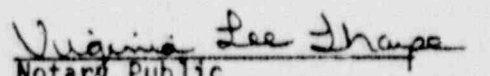
  
Edward Y. Shum, PhD.

Subscribed and sworn to before  
this 16th day of November, 1989

  
Notary Public  
My Commission expires: 7/1/90

  
Robert J. Starmer, PhD.

Subscribed and sworn to before  
this 16th day of November, 1989

  
Notary Public  
My Commission expires: 7/1/90

## CURRICULUM VITAE

Edward Y. Shum

Present Appointment(s) - Senior Environmental Engineer - Technical Branch, Division of Low-Level Waste Management and Decommissioning, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Washington, DC 20555.

### Work Experience

1973 - Present: Employed by the United States Atomic Energy Commission (now the United States Nuclear Regulatory Commission) in the Division of Nuclear Material Safety and Safeguards. Major work assignment in the Division has been to serve as an environmental project manager of fuel cycle licensing actions, including the licensing of uranium mills, fuel fabrication, and UF<sub>6</sub> conversion facilities and low-level waste facilities. Other major work includes: Member of the task force on uranium enrichment facilities in the United States; member of task force on the implementation of the Environmental Protection Agency radiation standards on nuclear fuel cycle facilities; member of the NRC task force on the use of radioisotope thermoelectric generator in space program; principle author in development in interim soil decontamination criteria covering fuel cycle facilities.

1965-69: Employed by Stanford University as a research chemist on psychodelic drugs.

Education: University of California, Berkeley, B.S., in Chemistry - 1965

Oregon State University - M.S., in Nuclear Chemistry - 1971

Oregon State University - Ph.D., in Nuclear Chemistry - 1973

### Membership and Position in Professional Societies:

Phi Lambda Upsilon - National Honor Chemical Society

Phi Kappa Phi - National Honor Society

Sigma Xi - Full Member - National Honorary Research Society

American Nuclear Society - Full Member

### Consultantships and Committee Memberships:

Member of the Scientific Committee 64, Task Group 5, National Council on Radiation Protection and Measurements (NCRP).

Member of Advisory Group of IAEA on "Models and Radiological Basis for Recommendations on Radionuclide Releases of Regional and World-Wide Interest".

Member of Science Panel of the Committee on Interagency Radiation Research and Policy Coordination (CIRRPC).

Awards: Scholarship at University of California

Research Assistantship from Atomic Energy Commission and Fellowship from National Institute of Health at Oregon State University

High Quality Service Award from the Nuclear Regulatory Commission in 1986

Meritorious Service Award from the Nuclear Regulatory Commission in 1987



ROBERT J. STARMER

PROFESSIONAL SUMMARY

Sixteen years of professional experience in geology, geochemistry and nuclear waste management regulation. Three years as post-doctoral fellow at the Ruhr-University of Bochum studying volcanic rocks and volcanism of the Canary Islands, Spain. Also set up analytical laboratories for whole rock analysis by automated x-ray fluorescence and by atomic absorption spectrometry. Five years teaching a broad spectrum of earth science courses at Adelphi University and study of marine environmental problems of the South shore of Long Island. Eight years with the Nuclear Regulatory Commission as staff for low-level waste disposal facility siting and performance assessment, section leader for geochemistry of waste disposal and uranium recovery operations, section leader, program manager, for the low-level waste management program and currently section leader of the siting section for siting and performance assessment of low-level waste disposal sites and for general geosciences aspects of uranium mill tailings operations and remedial actions.

PROFESSIONAL EXPERIENCE

- April 1987 to Present -- Section Leader, Siting Section,  
Technical Branch, Division of Low-Level  
Waste Management and Decommissioning,  
U. S. Nuclear Regulatory Commission
- April 1985 - April 1987 -- Section Leader, Low-Level Waste  
Projects Section, Low-Level Waste and  
Uranium Recovery Projects Branch,  
Division of Waste Management,  
U. S. Nuclear Regulatory Commission
- May 1984 - April 1985 -- Section Leader, Geochemistry Section  
Geotechnical Branch, Division of Waste  
Management, U. S. Nuclear Regulatory  
Commission
- October 1982 - May 1984 -- Geochemist/Geochemistry Team Leader,  
High-Level Waste Technical Development  
Branch, Division of Waste Management,  
U. S. Nuclear Regulatory Commission
- January 1981 - October 1982 -- Project Manager/Earth Sciences,  
Low-Level Waste Licensing Branch,  
Division of Waste Management,  
U. S. Nuclear Regulatory Commission
- September 1975 - January 1981 -- Assistant Professor of Earth  
Sciences, Adelphi University  
Garden City, New York



February 1972 - August 1975 -- Research Associate,  
Ruhr-University of Bochum,  
Bochum, West Germany

### EDUCATION

The University of Michigan		
Bachelor of Science	Geology	1965
The University of Cincinnati		
Master of Science	Geology	1969
Thesis Subject: Cataclastic Deformation of the Precambrian Basement During Laramide Tectonism, Wyoming		
Doctor of Philosophy	Geology	1972
Dissertation Subject: Petrology and Structural Geology of the Crazy Mountains Dike Swarm, Montana		

### RECENT PUBLICATIONS

- 1988 Performance Assessment Strategy for Low-Level Waste Disposal, Proceedings of the 10th Annual DOE Low-Level Waste Conference, Denver
- 1988 Regulatory Perspective on Geomorphic Stability at Waste Disposal Sites During Extreme Rainfall Events, EOS, V. 69, p. 351 (with others)
- 1987 NRC Low-Level Waste Management Goals 1987-1993, Proceedings of the 8th Annual DOE Low-Level Waste Conference, Denver
- 1986 Future Directions for the U. S. Nuclear Regulatory Commission's Low-Level Waste Management Program, Proceedings of the 7th Annual DOE Low-Level Waste Conference, Las Vegas
- 1983 NRC-Funded Studies on Waste Disposal in Partially Saturated Media, w/D. L. Siefkin, in Role of the Unsaturated Zone in Radioactive and Hazardous Waste Disposal, J. W. Mercer, ed., Ann Arbor Science
- 1982 Site Suitability, Selection and Characterization: Branch Technical Position--Low-Level Waste Licensing Branch, (with others), U. S. Nuclear Regulatory Commission, NUREG-0902

ATTACHMENT 9

## USR INDUSTRIES, INC.

550 POST OAK BOULEVARD / SUITE 545 / HOUSTON, TEXAS 77027

(713) 622-9171

September 19, 1989

William T. Russell, Regional Administrator  
U.S. Nuclear Regulatory Commission, Region I  
475 Allendale Road  
King of Prussia, PA 19406

RE: In the Matter of Safety Light Corp., et al.  
Docket Nos. 030-05980, 05981, 05982, 03335  
and 08444

Dear Mr. Russell:

This letter supplements the Answer and Request for Hearing ("Answer") on behalf of USR Industries, Inc. USR Lighting, Inc., USR Chemicals, Inc., USR Metals, Inc. and U.S. Natural Resources, Inc. ("These Respondents") filed on September 8, 1989 to the August 21, 1989 Order Modifying Licenses ("Order"), and requests extension of time in which to make further response thereto.

These Respondents require additional time to answer part of the Order for the following reasons:

(1) To complete arrangements to retain counsel to represent These Respondents in the above captioned matter ("Matter"), as the firm of Hannoch Weisman just days ago withdrew due to inability of These Respondents to pay Hannoch Weisman's substantial legal fees incurred primarily for this Matter and for offensive litigation to determine insurance defense and liability issues;

(2) To insure that International Technology Corporation ("IT Corporation"), Washington, D.C., an



independent technical firm of recognized expertise earlier retained by Hannotch Weisman on behalf of These Respondents and Safety Light Corporation ("Safety Light"), will agree to payment arrangements from a trust fund or otherwise for work performed in connection with the Bloomsburg, Pennsylvania site which is the subject of this Matter:

(3) To settle payment arrangements for prospective charges by IT Corporation for future technical evaluation and advice respecting the site. (Charges presented for work done by IT Corporation in response to this Matter total \$63,001.49, of which \$27,157.11 and \$22,860.98 were accumulated during April and July 1989, respectively);

(4) To negotiate on an emergency basis with representatives of five primary insurance companies which provided assistance of over \$2,000,000 pursuant to a Defense Agreement executed in 1985 between such insurers, Safety Light and These Respondents;

(5) To determine whether and to what extent Safety Light will agree to participate in costs including preparation of documents and work demanded in the Order, and for the costs of ongoing litigation to determine the duty to defend and coverage under the underlying insurance policies; and

(6) To complete the sale by These Respondents of interests in a limited partnership which owns a small commercial office building in Houston, Texas so as to provide immediate corporate liquidity.

Through Hannotch Weisman, These Respondents previously filed the Answer, which addresses most of the issues raised by the Order. A supplement to that Answer ("Supplement") was

drafted by Hannoch Weisman prior to that firm's withdrawal as counsel for These Respondents. These Respondents have redrafted the Supplement and desire that the amended Supplement be reviewed by counsel prior to filing. At the same time, These Respondents believe that, if emergency funding arrangements can be completed promptly, Hannoch Weisman may be willing to continue to represent These Respondents in the offensive litigation against the insurance companies. (While These Respondents paid \$20,000 to Hannoch Weisman during May 1989 and \$16,500 to Hannoch Weisman on June 30, 1989, in the interim the firm delivered additional bills and, as of July 31, 1989 These Respondents owed the firm \$67,857.19.) The need to retain counsel is of utmost concern to These Respondents, especially as These Respondents anticipate that Safety Light may soon be rendered unable to assist with partial reimbursement for the costs of the insurance litigation.

These Respondents are cooperating fully with the NRC. However, as public companies they also have responsibilities to persons including employees, customers, vendors, stockholders, outside financial institutions and with respect to other environmental litigation arising out of alleged occurrences dating back to the era of World War I. These Respondents respectfully submit that NRC demands that - without assistance from insurers - These Respondents pay for a site characterization plan which the NRC estimates will cost approximately \$1,000,000 (plus or minus up to \$300,000) are not realistic. These Respondents are now and throughout their corporate histories have been rather marginal companies. While very small, These Respondents provide meaningful employment in a rural area of Pennsylvania, and are operating profitably on a monthly cash flow basis (before legal fees). Like tens of thousands of other small companies

across the country, These Respondents depend upon liability insurance to cover potentially ruinous occurrences.

These Respondents have sustained losses from operations for many years and have a consolidated net worth of only approximately \$1.6 million. Facing severe difficulties in connection with this Matter, These Respondents intend to complete arrangements respecting sale of the limited partnership interest in the small Houston building as soon as possible.

Intense efforts are being made to deal simultaneously with the legal and technical expenses suddenly brought on in response to the Order. These Respondents are in negotiation with primary insurance carriers which executed the 1985 Defense Agreement. Unfortunately, factors including the extreme time limits promulgated in the NRC Orders to date together with the extreme demands for technical evaluation and expenditures have disrupted orderly negotiations with the insurance carriers. These Respondents request that the NRC take notice that the negotiations which led to the successful Defense Agreement executed in 1985 required many months of work, careful application of the special legal expertise of Hanooh Weisman and a good measure of negotiated "give and take." It is submitted that immediate negotiations with representatives of the insurers (particularly Guy Cellucci, Esq. of White & Williams, representing the Insurance Company of North America) are necessary in order to avoid the virtual foreclosure of this vital source of potential assistance.

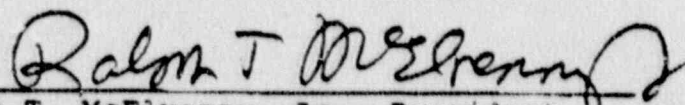
While These Respondents realize that this request falls near the deadline for response to the Order, Hanooh Weisman has only recently withdrawn and direct demands from IT Corporation have been asserted only today. Although currently without counsel, these Respondents are making their



best efforts to respond to the Order on a timely basis. In order to retain new counsel to complete the Answer, to deal specifically with arrangements to establish a trust agreement and to move forward with substantive emergency negotiation as summarized above, These Respondents hereby request a sixty day extension of the filing dates set forth in the Order.

These Respondents desire and intend to conduct relationships with the NRC in a cooperative and realistic manner so as to pursue early and satisfactory resolution of the issues raised by the Order. If this letter is deficient in any manner so as to cause the NRC to determine that These Respondents should proceed without counsel please so advise the undersigned by FAX at your earliest convenience c/o (713) 963-8751.

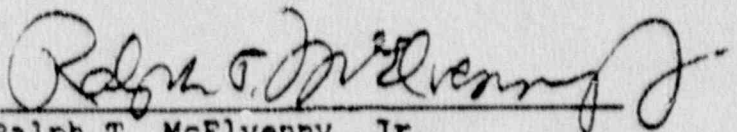
Very truly yours,



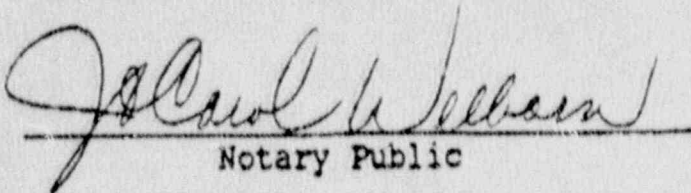
Ralph T. McElvenny, Jr., President  
For:     USR Industries, Inc.,    USR  
Lighting, Inc.,    USR Chemicals, Inc.,  
USR Metals, Inc. and U.S. Natural  
Resources, Inc.

State of Texas )  
 )  
County of Harris )

Ralph T. McElvenny, Jr., being duly sworn, deposes and says that he has read the foregoing letter; that to the best of his knowledge and belief, the statements and facts stated therein are true and accurate.

  
Ralph T. McElvenny, Jr.

Subscribed and sworn to before  
me this 20<sup>th</sup> day of September, 1989.

  
Notary Public

My Commission Expires 12-06-90



ATTACHMENT 10



IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

PINNACLE PETROLEUM, INC., )  
a Delaware corporation, )  
 )  
Plaintiff, )

v. )

C. A. No. 89-184

NUCLEAR REGULATORY COMMISSION, )  
an agency of the United States )  
Government ("NRC"); LANDO W. )  
ZECH, JR., Chairman of the NRC )  
KENNETH M. CARR, Commissioner )  
of the NRC; JAMES R. CURTISS, )  
Commissioner of the NRC; )  
THOMAS M. ROBERTS, Commissioner )  
of the NRC; and KENNETH C. )  
ROGERS, Commissioner of the NRC, )  
 )  
Defendants. )

FILED  
APR 14 4 32 PM '89  
CLERK U.S. DISTRICT COURT  
DISTRICT OF DELAWARE

VERIFIED COMPLAINT  
(For Declaratory Judgment And Injunction)

Plaintiff Pinnacle Petroleum, Inc. ("Pinnacle  
Petroleum"), for its Complaint avers as follows:

Introduction

This is an action for declaratory judgment and for an  
injunction to prevent defendants from exceeding their jurisdic-  
tion by attempting to make Pinnacle Petroleum a respondent  
in certain license proceedings of the Nuclear Regulatory Com-  
mission and by attempting to make Pinnacle Petroleum respon-  
sible for clean up of an allegedly contaminated site in North-  
eastern Pennsylvania in which Pinnacle Petroleum has never had

any interest or involvement and to which it is a complete stranger. Indeed, Pinnacle Petroleum has never had any relationship whatever with the site and had no relationship with any entity involved in the matter until more than three years after the pertinent events.

#### Jurisdiction and Venue

1. Pinnacle Petroleum is a corporation incorporated and residing in the State of Delaware.

2. Defendant Nuclear Regulatory Commission is an agency of the United States of America, established pursuant to 42 U.S.C. § 5841, whose duties include licensing "byproduct materials," as defined at 42 U.S.C. § 2014(e).

3. Defendants Chairman Lando W. Zech, Jr., Commissioner Kenneth M. Carr, Commissioner James R. Curtiss, Commissioner Thomas M. Roberts and Commissioner Kenneth C. Rogers are Commissioners of the Nuclear Regulatory Commission acting in their official capacities and pursuant to color of legal authority. (All defendants are jointly referred to herein as "NRC".)

4. Jurisdiction in this Court exists pursuant to 28 U.S.C. §§ 1331 and 2201.

5. Venue in this Court exists pursuant to 28 U.S.C. § 1391(e)(4).

### General Averments

6. Pinnacle Petroleum was originally incorporated in Colorado in 1980 and made its initial public offering of stock in 1981. It was reincorporated in Delaware in 1983.

7. Pinnacle Petroleum is a corporation incorporated for the primary purpose of engaging in oil and gas exploration and production.

8. Because of the industry conditions following the severe decline of the independent oil and gas industry, Pinnacle Petroleum determined to expand primarily by using its stock to acquire other small independent oil and gas exploration and production companies. To the extent feasible, Pinnacle Petroleum has issued shares of its stock for all or part of the consideration paid to make such purchases. This developmental strategy and business plan was publicly announced by Pinnacle Petroleum in 1983, and has been followed since that time. This business plan is referred to generally as the Plan of Corporate Development.

9. Pinnacle Petroleum is a publicly traded corporation with approximately 3,000 shareholders. Pinnacle Petroleum's stock is quoted on the National Association of Security Dealers, Inc. Automated Quotation (NASDAQ) System. Since its initial public offering in 1981, it has made its filings with the Securities and Exchange Commission and has prepared and filed its own audited financial statements.



10. In October 1983, in a negotiated arms-length purchase transaction, USR Industries, Inc. bought, paid for and was issued shares of Pinnacle Petroleum stock which amounted to 64% of Pinnacle Petroleum's then total outstanding stock. Since 1983, the issuance of additional corporate stock by Pinnacle Petroleum in connection with new acquisition and merger transactions pursuant to its Plan of Corporate Development, together with sales by USR Industries from time to time of its Pinnacle Petroleum stock, has reduced USR Industries' percentage of ownership of Pinnacle Petroleum to the point where it presently owns only 25% of the outstanding Pinnacle Petroleum stock. The remainder of the 3,000 shareholders own the balance of the 75% of Pinnacle Petroleum's stock. The President and Chief Executive Officer of USR Industries also serves as President and Chief Executive Officer of Pinnacle Petroleum, although none of the other officers and directors of Pinnacle Petroleum have any relationship to USR Industries or to any of the other corporate entities enumerated in the NRC Safety Light Proceeding described hereafter.

11. As part of Pinnacle Petroleum's Plan of Corporate Development, in September 1985, Pinnacle Petroleum formed a subsidiary, PinReg Corporation which acquired 50.1% of the stock of Regal Petroleum, Ltd. ("Regal"), a publicly traded NASDAQ company. Pinnacle Petroleum recently decided to seek the approval of the disinterested director of Regal to effect a merger or consolidation with Regal through the issuance of

Pinnacle Petroleum stock for the remaining 49% of Regal shares. During February and March 1989, in an effort to complete this plan, the Regal board of directors hired an independent investment banking firm to evaluate the merger of Pinnacle Petroleum and Regal and to evaluate the fairness of the exchange ratio for the merger. The Regal board of directors has met to evaluate the merger, has received the advice of the independent investment banking firm and has instructed counsel to prepare materials to submit to the Securities and Exchange Commission necessary to effectuate the merger. The preparation of those materials was virtually completed but, upon the issuance of the Safety Light Order, described hereafter, all further steps toward completion of the merger were halted.

12. A corporation owned jointly by Pinnacle Petroleum and Regal, Golden Holding Corporation, recently acquired in negotiated and market transactions more than 28% of another publicly traded NASDAQ corporation, Golden Oil Company ("Golden Oil"). Pinnacle Petroleum has been actively engaged in discussions aimed at acquiring the remainder of the outstanding stock of Golden Oil and merging Golden Oil into Pinnacle Petroleum. These discussions are active and sensitive, and have had to be discontinued with the issuance of the Safety Light Order.

### The Safety Light Proceeding

13. In a proceeding entitled "In The Matter of Safety Light Corporation, et al., Docket Nos. 030-05980, 030-05982, 030-05981, 030-08335, and 030-08444" (the "Safety Light" Proceeding"), on March 16, 1989, the Deputy Executive Director for Nuclear Materials Safety, Safeguards and Operations Support of the NRC issued an "Order Modifying Licenses (Effective Immediately) And Demand For Information" (the "Safety Light Order"), a copy of which is attached hereto as Exhibit A.

14. The Safety Light Order requires, inter alia, that a number of companies, including Pinnacle Petroleum, provide adequate resources to evaluate, plan and implement decontamination efforts for radiological materials at a facility located in Bloomsburg, Pennsylvania ("the Bloomsburg facility").

15. The only specific reference to Pinnacle Petroleum in the entire Safety Light Order states at page 4, without any factual basis, that "Pinnacle Petroleum, Inc. is apparently another subsidiary of [USR] Industries [Inc.]." That Order also states, at page 5, that ". . . [Pinnacle Petroleum] is, and remains, jointly and severally liable and responsible for the cleanup of the Bloomsburg facility and for the conduct of all other activities on that site that require an NRC license."



16. The Safety Light Order is not, at this time, a final order of the NRC and is not subject to appeal to a circuit court of appeals. As set out below, the mere existence of the Safety Light Order creates substantial, irreparable injury to Pinnacle Petroleum under circumstances in which Pinnacle Petroleum is patently beyond the jurisdiction of the NRC.

17. The Court should exercise its discretion and decline to apply the judicially created doctrine of exhaustion of administrative remedies. That doctrine, which would require Pinnacle Petroleum to litigate completely the NRC's jurisdiction before the NRC, should not apply because, as set out hereafter, the NRC clearly does not have any jurisdiction; the delay created by having to litigate this issue before the NRC would cause Pinnacle Petroleum irreparable damage which could threaten Pinnacle Petroleum's corporate existence and for which there is no adequate remedy; and the NRC has no special expertise to bring to bear on the question of Pinnacle Petroleum's corporate relationship with other corporations -- the central issue determining the NRC's jurisdiction.

NRC Has No Jurisdiction Over Pinnacle Petroleum

18. Even assuming, without in any way conceding, the truth of every statement in the Safety Light Order as to the relationships of all corporate entities other than Pinnacle Petroleum identified in the Safety Light Order (the "remaining Safety Light Corporations") among themselves and with the NRC,

any exercise or attempted exercise of jurisdiction by the NRC over Pinnacle Petroleum would be in excess of its statutory authority and an abuse of discretion.

19. The NRC is authorized by the Atomic Energy Act, 42 U.S.C. § 2111, to issue licenses "to use byproduct material for research or development purposes, for medical therapy, industrial uses, agricultural uses, or such other useful applications as may be developed." 42 U.S.C. § 2234 provides that, "No license granted hereunder and no right to utilize or produce special nuclear material granted hereby shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through the transfer of control of any licensee to any person . . . ." "Person" is defined in 42 U.S.C. § 2014(s) to include a corporation and "any legal successor, representative, agent, or agency" of that corporation.

20. Pinnacle Petroleum is not now and never has been (1) a licensee to use "byproduct material" for any purpose whatever or (2) the transferee or assignee of such a license or (3) the legal successor to, or representative, agent or agency of any licensee, transferee or assignee of such a license. In addition, Pinnacle Petroleum is not now and never has been involved or connected with the Bloomsburg facility as an owner, tenant, user, disposer of "byproduct material," or in any other way, and is not now and never has been the legal successor to or representative, agent or agency of any corpor-

ation, or other entity, involved or connected with the Bloomsburg facility.

21. The reorganization of many of the remaining Safety Light Corporations referred to in the Safety Light Order at Section 3, pages 3 and 4, which forms the basis for the Safety Light Order is stated to have taken place in 1980. Pinnacle Petroleum was not involved directly or indirectly in the planning, implementation or in any other way with that reorganization or with any efforts or actions allegedly taken by any of the remaining Safety Light Corporations pursuant to or as part of that reorganization. Not until more than three years following that reorganization was a portion of Pinnacle Petroleum's stock purchased by one of the remaining Safety Light Corporations.

22. The only relationships that have ever existed between Pinnacle Petroleum and any of the remaining Safety Light Corporations are the existence of a common chief executive between Pinnacle Petroleum and USR Industries, Inc., and the holding by USR Industries of some of Pinnacle Petroleum's stock as set forth in paragraph 10, above.

23. Pinnacle Petroleum has never purchased, received or been the transferee or assignee of any assets, including NRC licenses, from any of the remaining Safety Light Corporations, other than having been paid the cash purchase price when it sold some of its stock to USR Industries in 1983.



Pinnacle Petroleum is Suffering Irreparable Injury

24. If the declaratory and injunctive relief sought in this Complaint is not granted, Pinnacle Petroleum will suffer irreparable damage which could seriously threaten its continued existence and for which there is no remedy at law.

25. The Safety Light Order makes it apparent that there has been no determination at this time as to the nature or degree of contamination of the Bloomsburg facility or the time or expense that would be required to decontaminate the facility to the NRC's satisfaction. Therefore, the amount of time, effort and expense needed to evaluate, establish a plan for and decontaminate the facility is both indeterminate and has the clear potential to be extremely large.

26. The existence of the Safety Light Order, creating the possibility that Pinnacle Petroleum might be improperly held responsible for decontamination of a site with which it has never been involved, is a material development that would have to be disclosed in any proposed merger transaction. The disclosure of an unidentified and potentially unlimited exposure would, as a practical matter, eliminate any possibility of effecting any further mergers or acquisitions for so long as this cloud exists, including the mergers with Regal and Golden Oil. It also would probably preclude Pinnacle Petroleum from borrowing money from banks or lending institutions or from issuing stock to raise funds or to use in connection with any purchase. These effects, together with

disclosure of the Safety Light Order itself, are also likely to have a significant harmful effect on the market price of Pinnacle Petroleum's stock and on all of the shareholders of Pinnacle Petroleum.

27. Pinnacle Petroleum believes that its prospects for success, if it can effectuate mergers with Regal and Golden Oil, are excellent. Substantial duplicative administrative expenses and expenses in connection with the operation of separate publicly held corporations can be saved immediately. Merger would also allow for consolidation of and more efficient operations, for additional acquisition possibilities, and the ability generally to generate positive cash flow rather than to lose money. However, Pinnacle Petroleum is presently losing money at the rate of almost \$2,000 a day and will continue to do so until and unless it can proceed with the planned mergers. If Pinnacle Petroleum cannot effectuate those mergers, which, but for the Safety Light order, it believes it can immediately complete, Pinnacle Petroleum will have to dispose of significant assets probably under distress sale conditions, and its existence would be seriously threatened.

28. Pinnacle Petroleum and its public shareholders have no plain, speedy or adequate remedy at law for these injuries. The immediate loss of opportunities arising from the inability to complete the planned mergers, which are necessary so that Pinnacle Petroleum can be a viable company,

is neither measurable nor compensable in dollars. Pinnacle Petroleum will continue to lose substantial sums of money and its ability to complete mergers upon which it has already spent and invested considerable sums of money will remain paralyzed. Pinnacle Petroleum cannot sue the NRC for these damages caused by the cloud which has been wrongfully placed upon Pinnacle Petroleum's activities because the NRC is protected against a damage action by the doctrine of governmental immunity.

The NRC Possesses No Special Expertise

29. The NRC has no special expertise to which this Court should defer with respect to the determinative issue affecting the NRC's jurisdiction over Pinnacle Petroleum, namely, whether Pinnacle Petroleum is a legal successor to a licensee, or a transferee or assignee of a license. Indeed, if there is any such special expertise, it resides in this Court. The determination to be made by the Court has nothing to do with atomic energy or difficult nuclear regulatory issues. It is simply a straightforward question of corporate structure.

FIRST CLAIM FOR RELIEF  
(For Declaratory Judgment)

30. Pinnacle Petroleum incorporates the allegations of Paragraphs 1 through 29, above, as though set forth in full herein.



31. The nature of the legal relations between Pinnacle Petroleum and a licensee or transferee or assignee of a license and the consequent determination as to whether the NRC is acting beyond its jurisdiction and in abuse of its discretion is an actual controversy within the jurisdiction of this Court.

WHEREFORE, Pinnacle Petroleum prays, pursuant to 28 U.S.C. § 2201 and Rule 57 of the Federal Rules of Civil Procedure, that the Court enter a declaratory judgment that Pinnacle Petroleum is not a legal successor of USR Industries and that any attempted exercise of jurisdiction over Pinnacle Petroleum by the NRC in the Safety Light Proceeding is beyond its jurisdiction and an abuse of discretion; and that Pinnacle Petroleum be awarded its costs, attorneys fees and any other relief the Court deems proper.

SECOND CLAIM FOR RELIEF  
(For Injunction)

32. Pinnacle Petroleum incorporates the allegations of Paragraphs 1 through 29 and 31, above, as though set forth in full herein.

WHEREFORE, Pinnacle Petroleum prays, pursuant to 28 U.S.C. § 2202 and Rule 65 of the Federal Rules of Civil Procedure, that the Court enter a preliminary and permanent injunction against the exercise or attempted exercise of jurisdiction over Pinnacle Petroleum by the NRC in the Safety Light Proceeding; and that Pinnacle Petroleum be awarded its costs, attorneys fees and any other relief the Court deems proper.

MORRIS, NICHOLS, ARSHT & TUNNELL

*Donald E. Reid*

---

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Donald E. Reid  
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P.O. Box 1347  
Wilmington, DE 19899  
(302) 658-9200  
Attorneys for Plaintiff  
Pinnacle Petroleum, Inc.

OF COUNSEL:

DAVIS, GRAHAM & STUBBS  
Richard P. Holme  
M. Roy Goldberg  
1200 19th Street, N.W.  
Suite 500  
Washington, DC 20036  
(202) 822-8660

April 14, 1989

VERIFICATION

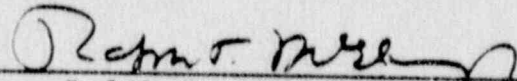
State of Texas )  
County of \_\_\_\_\_ ) ss:

I, Ralph T. McElvenny, Jr., being first duly sworn, do depose and state as follows:

1. Since October, 1983, I have been the President and Chief Executive Officer of Pinnacle Petroleum, Inc.; since 1979, I have served as President and Chief Executive Officer of USR Industries, Inc.; since December, 1985 I have served as President and Chief Executive Officer of Regal Petroleum, Ltd.; and since October, 1988 I have served as President and a Director of Golden Oil Holding Corporation and as a Director of Golden Oil Company.

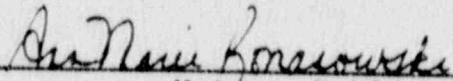
2. I have read the foregoing "Verified Complaint (For Declaratory Judgment and Injunction)."

3. I have personal knowledge of the facts set forth in the following paragraphs and they are true: 1, 6 - 15 and 20 - 28. The remaining paragraphs are true to the best of my knowledge, information and belief.



Ralph T. McElvenny, Jr.

Subscribed and sworn to before me this 14<sup>th</sup> day of April 1989.



Notary Public

My Commission expires: 12/14/89