

March 8, 1989

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

BEFORE THE ADMINISTRATIVE LAW JUDGE

In the Matter of

PRECISION LOGGING & PERFORATING
COMPANY

Materials License No. 35-17186-02
E.A. 87-184

) Docket No. 30-19498

) ASLBP No. 88-578-02-CivP

SETTLEMENT AGREEMENT BETWEEN THE NRC STAFF AND
LICENSEE CONCERNING SETTLEMENT
OF CIVIL PENALTY PROCEEDING

1. Precision Logging and Perforating Company (the licensee) is the holder of Materials License No. 35-17186-02 issued by the Nuclear Regulatory Commission ("NRC") on December 2, 1981, and amended last in its entirety on January 21, 1988. The license authorizes the licensee to use sealed sources for oil and gas well logging in accordance with the conditions specified therein.
2. A routine inspection of the licensee's activities was conducted on August 18 and 19, 1987. In the NRC's view, the results of this inspection indicated that the licensee had not conducted its activities in full compliance with NRC requirements. A written Notice of Violation and Proposed Imposition of Civil Penalty was served upon the licensee by letter dated December 10, 1987. The Notice stated the nature of the violations, the provisions of the NRC's requirements that the NRC believed licensee had violated, and the amount of the civil penalty proposed for the violations. The licensee responded to the Notice of Violation and

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Proposed Imposition of Civil Penalty by two letters, both dated January 7, 1988. In its response, the licensee contested Violations A and D but not the other alleged violations. In addition, the licensee requested that the proposed civil penalty be rescinded for several stated reasons, including financial hardship. By letter dated February 16, 1988, the NRC provided the licensee with the opportunity to submit specific financial information on the company's recent profit and loss and its net worth. The licensee submitted this information by letter dated February 15, 1988.

3. After consideration of the licensee's response and the statements of fact, explanation, and argument for mitigation contained therein, the Deputy Executive Director for Regional Operations in an "Order Imposing Civil Monetary Penalty" (Order) dated July 7, 1988, determined, as more fully set forth in the Appendix to that Order, that the violations had occurred as stated, but that the civil penalty proposed in the Notice of Violation would constitute an excessive financial hardship for the licensee, and therefore should be mitigated by 50 percent. Thereafter, in a letter dated July 22, 1988, licensee stated it found the proposed penalty to be unacceptable and made a request for a hearing.

4. Licensee wishes to terminate this civil penalty proceeding by payment of the proposed penalty in the sum of \$500.00 without conceding its position as stated in its letters dated January 7, 1988.

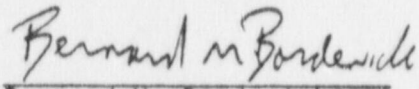
5. Accordingly, the licensee waives its right to a hearing, and without admitting or denying any of the allegations of the Notice of Violation dated December 10, 1987, except as to jurisdiction, to which it admits,

and solely for the purposes of terminating this proceeding, agrees to the payment of the \$500.00 civil penalty.

6. The NRC, while affirming its position as to the alleged violations stated in the Notice dated December 10, 1987, and Order dated February 10, 1988, agrees that this proceeding should be terminated by payment of the ordered penalty by the licensee.

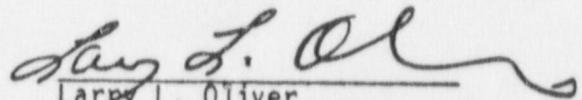
7. This civil penalty proceeding will be terminated upon the payment by the licensee of a civil penalty in the amount of \$500.00 concurrent with executing this Agreement said payment to be made by check, draft or money order, payable to the Treasurer of the United States.

For the NRC Staff


Bernard M. Bordenick
Counsel for NRC Staff

Dated: February 9, 1989

For Licensee


Larry L. Oliver
Counsel for Licensee

Dated: 3-3-89

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ORDER

(Approving Agreement Between
the NRC Staff and Licensee Concerning
Settlement of Civil Penalty Proceeding)

On _____, 1989, the parties to this civil penalty proceeding, the NRC staff and Precision Logging & Perforating Company, filed with the Administrative Law Judge (ALJ) (1) a Settlement Agreement (Agreement) that had been accepted by both parties; and (2) a joint motion requesting the ALJ's approval of the Agreement and the entry of an order terminating this proceeding, with a proposed Order.

I have reviewed the Agreement under 10 C.F.R. § 2.203 to determine whether approval of the Agreement and consequent termination of this proceeding is in the public interest. Based upon this review, I am satisfied that approval of the Agreement and termination of this proceeding based thereon are in the public interest. The terms of the Agreement satisfy the interests of the public and the parties without the need for a hearing.

Accordingly, I approve the Agreement attached hereto and incorporated by reference into this Order. Pursuant to 10 C.F.R. § 2.203, I hereby terminate this proceeding on the basis of the attached Agreement.

Morton B. Margulies
Administrative Judge

Date at Bethesda, Maryland
this ____ day of _____, 1989.

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CERTIFICATE OF SERVICE

I hereby certify that copies of "JOINT MOTION TO TERMINATE CIVIL PENALTY PROCEEDING", "SETTLEMENT AGREEMENT BETWEEN THE NRC STAFF AND LICENSEE CONCERNING SETTLEMENT OF CIVIL PENALTY PROCEEDING" and (proposed) "ORDER (Approving Agreement Between the NRC Staff and Licensee Concerning Settlement of Civil Penalty Proceeding)" in the above-captioned proceeding have been served on the following by deposit in the United States mail, first class, or as indicated by an asterisk through deposit in the Nuclear Regulatory Commission's internal mail system, this 8th day of March, 1989:

Morton B. Margulies*
Administrative Law Judge
Atomic Safety and Licensing
Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

William Brown, Esq.
U.S. Nuclear Regulatory Commission
Regional Counsel, Region IV
Parkway Central Plaza Bldg.
611 Ryan Plaza Drive, Suite 1000
Arlington, Texas 70611

Mr. Carol Spess
Precision Logging &
Perforating Company
220 North Broadway
Cleveland, Oklahoma 74020

Atomic Safety and Licensing
Board Panel (1)*
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Atomic Safety and Licensing Appeal
Panel (5)*
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Docketing and Service Section*
Office of the Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Adjudicatory File (2)*
Atomic Safety and Licensing Board
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Larry L. Oliver, Esq.
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Bernard M. Bordenick
Bernard M. Bordenick
Counsel for NRC Staff