



UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
1600 EAST LAMAR BOULEVARD
ARLINGTON, TEXAS 76011-4511

November 14, 2023

EA-23-046

Steven DeLozier
Radiation Safety Officer
KLX Energy Services, LLC
3040 Post Oak Blvd
15th Floor
Houston, TX 77056

SUBJECT: KLX ENERGY SERVICES, LLC - NRC INSPECTION REPORT
030-39307/2022-001

Dear Steven DeLozier:

This letter refers to the initial inspection, conducted from November 2, 2022, through November 7, 2023, of licensed activities performed at the U.S. Department of Energy Strategic Petroleum Reserves located in Bryan Mound, Texas, and your offices located in Houston, Texas. The inspection examined activities conducted under your license as they relate to safety and compliance with the U.S. Nuclear Regulatory Commission's (NRC) rules and regulations, and with the conditions of your license. Within these areas, the inspection consisted of an examination of selected procedures, representative records, and interviews with personnel. The enclosed report presents the results of this inspection. A final exit meeting was conducted with you on November 7, 2023.

Based on the results of this inspection, two apparent violations were identified and are being considered for escalated enforcement action in accordance with the NRC Enforcement Policy. The current Enforcement Policy is included on the NRC's website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>. The apparent violations involve the failure to: (1) file an NRC Form 241 and receive approval for reciprocity prior to working in exclusive Federal jurisdiction in 2022, and (2) have the correct transportation Index on the label to the source storage container. The circumstances surrounding these apparent violations, the significance of the issue, and the need for lasting and effective corrective action were discussed with you on November 7, 2023.

Before the NRC makes its enforcement decision, we are providing you an opportunity to: (1) respond in writing to the apparent violations addressed in the inspection report within 30 days of the date of this letter; or (2) request a predecisional enforcement conference (PEC). If a PEC is held, it will be open for public observation and the NRC may issue a press release to announce the time and date of the conference. Please contact Dr. Lizette Roldán-Otero at 817-200-1455 or Lizette.Roldan-Otero@nrc.gov within 10 days of the date of this letter to notify the NRC of your choice to either provide a written response or participate in a PEC. A PEC should be held within 30 days.

If you choose to provide a written response, it should be clearly marked as a “Response to an Apparent Violations in NRC Inspection Report 030-39307/2022-001; EA-2023-046” and should include for each apparent violation: (1) the reason for the apparent violation or, if contested, the basis for disputing the apparent violation; (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 previously docketed correspondence if the correspondence adequately addresses the required response. 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.

Your written response, should you choose to provide one, should be emailed to R4Enforcement@nrc.gov and Lizette.Roldan-Otero@nrc.gov within 30 days of the date of this letter, and hard copies may be sent to: U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001, and to Director of Division of Radiological Safety & Security, Region IV, 1600 East Lamar Boulevard, Arlington, TX 76011. If an adequate response is not received within the time specified or an extension of time has not been granted by the NRC, the NRC will proceed with its enforcement decision or schedule a PEC.

If you choose to request a PEC, the conference will afford you the opportunity to provide your perspective on these matters and any other information that you believe the NRC should take into consideration before making an enforcement decision. The decision to hold a PEC does not mean that the NRC has determined that a violation has occurred or that enforcement action will be taken. This conference would be conducted to obtain information to assist the NRC in making an enforcement decision. The topics discussed during the conference may include information to determine whether a violation occurred, information to determine the significance of a violation, information related to the identification of a violation, and information related to any corrective actions taken or planned.

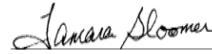
In presenting your corrective actions, you should be aware that the promptness and comprehensiveness of your actions will be considered in assessing any civil penalty for the apparent violations. The guidance in NRC Information Notice 96-28, “Suggested Guidance Relating to Development and Implementation of Corrective Action,” may be helpful in preparing your response (Agencywide Documents Access and Management System (ADAMS) Accession No. ML061240509).

In addition, please be advised that the number and characterization of the apparent violations described in the enclosed inspection report may change as a result of further NRC review. You will be advised by separate correspondence of the results of our deliberations on this matter.

In accordance with 10 CFR 2.390 of the NRC’s “Agency Rules of Practice and Procedure,” a copy of this letter, its enclosure, and your response, if you choose to provide one, will be made available electronically for public inspection in the NRC Public Document Room or in the NRC’s ADAMS, accessible from the NRC website 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.

If you have any questions concerning this matter, please contact Dr. Lizette Roldán-Otero of my staff at 817-200-1455.

Sincerely,



Signed by Bloomer, Tamara
on 11/14/23

Tamara Bloomer, Director
Division of Radiological Safety & Security

Docket No. 030-39307
License No. 42-35670-01

Enclosure:
Inspection Report 030-39307/2022-001

KLX ENERGY SERVICES, LLC - NRC INSPECTION REPORT 030-39307/2022-001 – DATED NOVEMBER 14, 2023

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VDricks, ORA	AMoreno, CA	MBurgess, NMSS
JGroom, ORA	LWilkins, CA	LRoldan-Otero, DRSS
ARoberts, ORA	JJosey, OEDO	LHowell, DRSS
DCylkowski, ORA	LWardrobe, DRSS	

ADAMS ACCESSION NUMBER: ML23306A089

SUNSI Review: ADAMS: Non-Publicly Available Non-Sensitive Keyword:
 By: JGK Yes No Publicly Available Sensitive NRC-002

OFFICE	RIV:MIB	C:MIB	TL:ACES	RC	OE
NAME	LWardrobe	LRoldan-Otero	JGroom	DCylkowski	PSnyder
SIGNATURE	/RA/ E	/RA/ E	/RA/ E	/RA/ E	/RA/ E
DATE	11/06/23	11/03/23	11/03/23	11/06/23	11/08/23
OFFICE	D: DRSS				
NAME	TBloomer				
SIGNATURE	/RA/				
DATE	11/14/2023				

OFFICIAL RECORD COPY

**U.S. NUCLEAR REGULATORY COMMISSION
REGION IV**

Docket No. 030-39307

License No. 42-35670-01

Report: 2022-001

EA No: EA-23-046

Licensee: KLX Energy Services, LLC

Location Inspected: 3040 Post Oak Blvd
Houston, TX 77056

Inspection Date: November 2, 2022, through November 7, 2023.

Exit Meeting Date: November 7, 2023

Inspectors: Leonardo Wardrobe, Health Physicist
Materials Inspection Branch
Division of Radiological Safety and Security

Approved By: Lizette Roldan-Otero, PhD, Chief
Materials Inspection Branch
Division of Radiological Safety and Security

Attachment: Supplemental Inspection Information

Enclosure

EXECUTIVE SUMMARY

KLX Energy Services, LLC NRC Inspection Report 030-39307/2022-001

On November 2, 2022, the U.S. Nuclear Regulatory Commission began an announced, initial inspection for KLX Energy Services, LLC (KLX), a well logging licensee. The inspection included a temporary job site (TJS) located in Freeport, TX at the U.S. Department of Energy (DOE), Strategic Petroleum Reserves (SPR) and at KLX main office in Houston, TX. The inspector continued the inspection through November 7, 2023, and examined activities conducted under the license through review of procedures and records, and via interviews with licensee personnel.

Program Overview

KLX Energy Services, LLC was issued an NRC license on April 13, 2022, and is authorized to perform well-logging operations using byproduct material (I-131, Sc-46, H-3, Am/Be and Am) in NRC jurisdiction.

Inspection Findings

Two apparent violations were identified and are being considered for escalated enforcement action. Before being issued an NRC license, KLX Energy Services failed to file for reciprocity prior to working in NRC jurisdiction at the DOE SPR in accordance with 10 CFR 150.20(b) and failed to have the correct Transportation Index on the label attached to the transportation package in accordance with 10 CFR 70.5 and 49 CFR 172.403.

REPORT DETAILS

1 Program Overview (Inspection Procedure (IP) 87123)

1.1 Inspection Scope

This was an announced, initial inspection of KLX Energy Services, LLC (KLX or licensee) at a temporary job site (TJS) located in Freeport, TX at the U.S. Department of Energy (DOE), Strategic Petroleum Reserves (SPR) and at the main office in Houston, TX. The inspector observed the licensee perform well-logging operations at a TJS located at the DOE, SPR facility located at Freeport, Texas, and performed a records review at the licensee's main office located at 3040 Post Oak Blvd, Houston, TX. The inspection concluded with a document review at the licensee's main office located in Houston, TX. This inspection examined activities conducted under the license as they relate to public health and safety, and to confirm compliance with the NRC's rules and regulations and with the conditions of the license. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

1.2 Observations and Findings

The NRC received an application for an NRC license from KLX to perform well-logging activities, in NRC jurisdiction, using byproduct materials on March 16, 2022. KLX received their initial NRC license on April 13, 2022. On November 2, 2022, an initial inspection of the licensee was performed. The initial inspection was started at a temporary job site (TJS) location, DOE SPR, located in Freeport, TX. The inspector observed posting of the work area, loading of the well-logging tool with byproduct material, shipping documents, security of the byproduct material, and labeling/marketing of the byproduct material.

Following the TJS portion of the inspection, a records review was conducted at the licensee's main office located at 3040 Post Oak Blvd, Houston, TX. During the records review (shipping documents) it was noted that the licensee performed work at the DOE SPR located at Bayou Choctaw (Iberville Parish) and Bayou Hackberry (Cameron Parish), in Louisiana during the time periods of January 4 to 26, 2022, February 20 to 22, 2022, and April 12, 2022. This was prior to the licensee being issued an NRC license and the licensee failed file for reciprocity to perform work in NRC jurisdiction (the DOE SPRs are deemed exclusive Federal jurisdiction and DOE subcontractors require an NRC license to perform licensed activities at all DOE SPRs). The licensee did have agreement state licenses to perform well-logging activities using byproduct material from Texas (L06620) and Louisiana (LA-14019-L01).

Two apparent violations of NRC requirements were identified.

- A. Title 10 CFR 150.20(a)(1) requires, in part, that any person who holds a specific license from an Agreement State is granted a general NRC license to conduct the same activity in areas of exclusive Federal jurisdiction within Agreement States subject to the provisions of 10 CFR 150.20(b).

Title 10 CFR 150.20(b)(1) requires, in part, that any person engaging in activities in areas of exclusive Federal jurisdiction within Agreement States shall, at least 3 days before engaging in each activity for the first time in a calendar year, file a submittal containing an NRC Form 241, "Report of Proposed Activities in Non-Agreement States," a copy of its Agreement State specific license, and the appropriate fee with the Regional Administrator of the appropriate NRC regional office.

Contrary to the above, from on January 4 to 26, February 20 to 22, and April 12, 2022, KLX Energy Services, LLC, a licensee of the State of Louisiana, engaged in activities in areas of exclusive Federal jurisdiction within an Agreement State and failed to file a submittal containing an NRC Form 241, "Report of Proposed Activities in Non-Agreement States," a copy of its Agreement State specific license, and the appropriate fee with the Regional Administrator of the NRC Regional Office at least 3 days before engaging in each activity for the first time in a calendar year. Specifically, the licensee performed activities at the DOE SPR facilities located in Iberville Parish and Cameron Parish, Louisiana and failed to submit an NRC Form 241, a copy of its Agreement State specific license, and the appropriate fee with the Regional Administrator of the appropriate NRC regional office.

The licensee's failure to file for reciprocity was identified as an apparent violation of 10 CFR 150.20(b)(1). (030-34866/2022-001-01)

- B. Title 10 CFR 71.5 requires, in part, that each licensee who transports licensed material outside the site of usage shall comply with the applicable requirements of the DOT regulations in 49 CFR parts 171 through 180.

Title 49 CFR 172.403(g) requires, in part, that the transport index must be entered in the blank spaces on the RADIOACTIVE label.

Contrary to the above, on November 2, 2022, the licensee transported licensed material outside the site of usage and failed to comply with the applicable requirements of the DOT regulations in 49 CFR parts 171 through 180. Specifically, the transport index on the shipping container label was incorrectly marked as 0.5 instead of 0.9 as indicated on the shipping document.

The licensee's failure to have correct transport index on shipping label was identified as an apparent violation of 10 CFR 71.5. (030-34866/2022-001-02)

2. Corrective Actions

On April 13, 2022, KLX received NRC Materials License 42-35670-01. Therefore, KLX will not have to file for reciprocity for any future work at the DOE SPR.

3. Exit Meeting

A final telephonic exit meeting was conducted with Steven DeLozier, Corporate Radiation Safety Officer, on November 7, 2023. The licensee acknowledged the apparent violation and did not dispute the details presented during the exit meeting.

Supplemental Inspection Information

PARTIAL LIST OF PERSONS CONTACTED

Michael Smith, Corporate Radiation Safety Officer
James Bae, Site Cavern Engineer (Fluor)
Dustin Pruett, Well-logging Supervisor
Edgar Hernandez, Well-logging Operator

INSPECTION PROCEDURES USED

87123 Well Logging and Tracer Study Programs

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

030-34866/2022-001-01	AV	Failure to file for reciprocity while working in NRC jurisdiction, 10 CFR 150.20(b)(1).
030-34866/2022-001-02	AV	Failure to have correct transport index on shipping label, 10 CFR 71.5.

Closed

None

Discussed

None

LIST OF ACRONYMS AND ABBREVIATIONS USED

10 CFR	Title 10 of the <i>Code of Federal Regulations</i>
ADAMS	Agencywide Documents Access and Management System
AV	Apparent Violation
DOE	U.S. Department of Energy
IP	Inspection Procedure
NRC	U.S. Nuclear Regulatory Commission
PEC	Predecisional Enforcement Conference
SPR	Strategic Petroleum Reserve