



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

February 05, 2024

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 - NOTICE OF VIOLATION, 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 Freeport, Texas, and your offices located in Houston, Texas. The purpose of the inspection was to examine activities conducted under your license as they relate to public health and safety, and to confirm compliance with the U.S. Nuclear Regulatory Commission (NRC) rules, regulations, and with the conditions of your license. A final exit briefing was conducted with you on November 7, 2023. Details of the inspection and two apparent violations were provided to you in the subject inspection report, dated November 14, 2023, Agencywide Documents Access and Management System (ADAMS) Accession No. ML23306A089.

In the letter transmitting the inspection report, we provided you with the opportunity to address the apparent violation by either attending a predecisional enforcement conference or providing a written response before we made our final enforcement decision. In a letter dated November 30, 2023 (ML23355A204), you provided a written response to the apparent violation.

Based on the information developed during the inspection and the information you provided in your November 30, 2023, written response to the inspection report, the NRC has determined that two violations of NRC requirements occurred. The violations are cited in the enclosed Notice of Violation (Notice), and the circumstances surrounding the violations are described in detail in the subject inspection report. The violations involved the failure to: (A) file an NRC Form 241 and receive approval for reciprocity prior to working in exclusive Federal jurisdiction in 2022, and (B) have the correct transportation index on the label to a source storage container.

The NRC considers Violation A to be a significant violation because the failure to file a submittal containing an NRC Form 241 and conduct of licensed activities in exclusive Federal jurisdiction prevented the NRC from inspecting these areas to ensure that licensed material is being used safely and in accordance with NRC requirements. Therefore, this violation has been categorized

in accordance with the NRC Enforcement Policy at Severity Level III. The current Enforcement Policy can be found on the NRC's website at <http://www.nrc.gov/about-nrc/regulatory/enforcement/enforce-pol.html>.

The NRC considers Violation B to be less serious, but of more than minor safety significance, and thus has been categorized in accordance with the NRC Enforcements Policy at Severity Level IV. This violation is being formally cited as Severity Level IV rather than as a non-cited violation because it was identified by the NRC.

In accordance with the NRC Enforcement Policy, a base civil penalty in the amount of \$9,000 is considered for Severity Level III Violation A.

Because your facility has not been the subject of an escalated enforcement action within the last two routine inspections, the NRC considered whether credit was warranted for *Corrective Action* in accordance with the civil penalty assessment process in Section 2.3.4 of the NRC Enforcement Policy. The NRC has determined that *Corrective Action* credit is warranted based on the prompt and comprehensive corrective actions you implemented. Your corrective actions to address the violation are documented in NRC Inspection Report 030-39307/2022-001 and in your letter dated November 30, 2023.

Therefore, in recognition of the absence of previous escalated enforcement action, and your prompt and comprehensive corrective actions, I have been authorized, after consultation with the Director, Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty. In addition, issuance of this Severity Level III violation constitutes escalated enforcement action that may subject you to increased inspection effort.

The NRC has concluded that information regarding: (1) the reason for the violations; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in NRC Inspection Report 030-39307/2022-001 and in your letter dated November 30, 2023. Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice and Procedure," a copy of this letter, the 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. The NRC also includes significant enforcement actions on its website at <http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions>.

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

Sincerely,



Signed by Monninger, John
on 02/05/24

John D. Monninger
Regional Administrator

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

Enclosure:
Notice of Violation

KLX ENERGY SERVICES, LLC - NOTICE OF VIOLATION, NRC INSPECTION REPORT
030-39307/2022-001 - DATED FEBRUARY 05, 2024

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ADAMS ACCESSION NUMBER: **ML24016A260**

SUNSI Review By: ACR		ADAMS <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Publicly Available <input type="checkbox"/> Non-Publicly Available		<input checked="" type="checkbox"/> Non-Sensitive <input type="checkbox"/> Sensitive	Keyword: EA-23-046
OFFICE	ES:ACES	C:MIB	TL:ACES	RC	NMSS	OE
NAME	ARoberts	LRoldanOtero	JGroom	DCylkowski	MBurgess	PSnyder
SIGNATURE	/RA/ E	/RA/ E	/RA/ E	/RA/ E	/RA/ E	/RA/ E
DATE	01/16/24	01/23/24	01/16/24	01/18/24	01/31/24	01/31/24
OFFICE	D:DRSS	RA				
NAME	TBloomer	JMonninger				
SIGNATURE	/RA/ E	/RA/ E				
DATE	02/02/24	02/05/24				

OFFICIAL RECORD COPY

NOTICE OF VIOLATION

KLX Energy Services, LLC
Houston, Texas

Docket No. 030-39307
License No. 42-35670-01
EA-23-046

During an NRC inspection and in-office review conducted from November 2, 2022, to November 7, 2023, two violations of NRC requirements were identified. In accordance with the NRC Enforcement Policy, the violations are listed below:

- A. 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).

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 January 4 to 26, February 20 to 22, and on 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, 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 U.S. Department of Energy Strategic Petroleum Reserves 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.

This is a Severity Level III Violation (Enforcement Policy Section 6.9.c.2.c).

- B. 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 U.S. Department of Transportation regulations in 49 CFR parts 171 through 180.

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 U.S. Department of Transportation 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.

This is a Severity Level IV violation (Enforcement Policy Section 6.8.d.5).

Enclosure

The NRC has concluded that information regarding: (1) the reason for the violations; (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in NRC Inspection Report 030-39307/2022-001 and in your letter dated November 30, 2023.

However, if the description therein does not accurately reflect your position or your corrective actions, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 within 30 days of the date of the letter transmitting this Notice of Violation. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation; EA-23-046," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Regional Administrator, U.S. Nuclear Regulatory Commission, Region IV, 1600 East Lamar Blvd., Arlington, Texas 76011-4511, and email it to R4Enforcement@nrc.gov.

If you contest this enforcement action, you should also provide a copy of your response, with the basis for your denial, to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

If you choose to respond, your response will be made available electronically for public inspection in the NRC Public Document Room or in the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>. Therefore, to the extent possible, the response should not include any personal privacy or proprietary information so that it can be made available to the public without redaction.

If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request that such material is withheld from public disclosure, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information).

Dated this 5th day of February 2024