

# NRC PEC Response

Empire Wireline, LLC

Aldru Todd Aaron, General Counsel

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# Overview

- Background and Facts
- Allegations
- Empire's Position
- Empire's Corrective Actions
- NRC Enforcement

# Background & Facts

- Empire Wireline, LLC was created in 2015
- Family Owned Business
  - Evolved over the years
- WOSB
- Employs 42 workers
  - Texas
  - Louisiana
  - Kansas
  - Indiana (winding down)



# Background & Facts (2019)

- Called by Fluor Federal Petroleum Operations (FFPO)
  - FFPO or Fluor is a Federal Contractor
  - Schlumberger, Fluor's previous wireline operator, terminated contract
  - Fluor requested that Empire "step in the shoes" of Schlumberger
- Contract was entered into between Fluor and Empire
  - Fluor—accredited DOE prime contractor
  - Empire—subcontractor working directly for Fluor



# Background & Facts

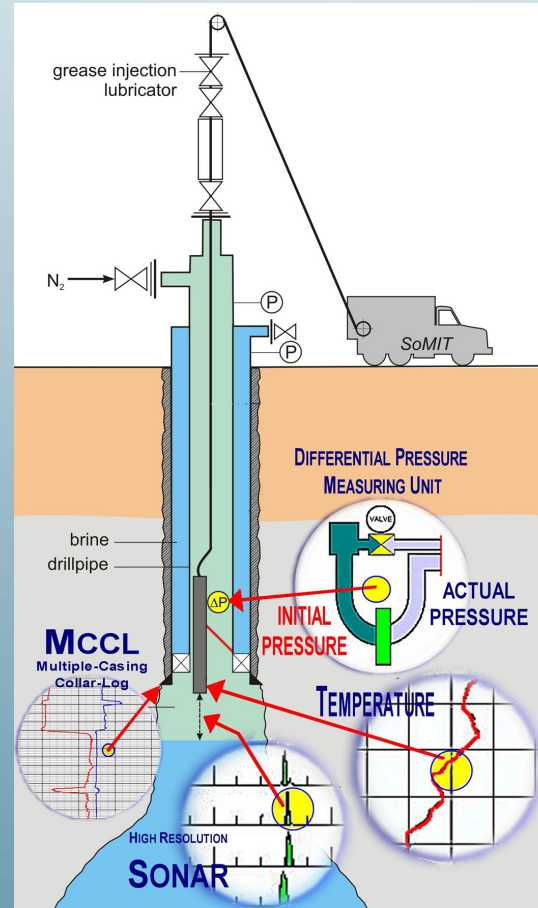
- In total, Five jobs are being cited
  - Bryan Mound, Texas (3)
  - Big Hill, Texas (1)
  - West Hackberry, Louisiana (1)

# Services Performed

- Basic Service Charge (no rigs on wells)
- Pressure Control (allows access to well or reservoir)
- Gauge Run with Collar Locator
- Downhole Pressure & Temperature Survey
- Downhole Temperature Survey
- Multisensor Caliper Survey
- \*Oil-Brine Interface



# Empire Generic Work Display



# Allegations

- Empire Wireline performed well-logging activities using radioactive byproduct and failed to file for reciprocity.
- 10 CFR §150.20(b)(1)



# Empire's Position

- 10 CFR §40.11 Exemption Applies
- None of the SPR sites were recognized or listed as exclusive federal jurisdiction
- Nulla poena sine lege
- Empire exceeded safety compliance

# Empire's Position—Exempt

- 10 CFR §40.11
  - Any prime contractor or subcontractor
  - Is Exempt
  - To the extent that contractor/subcontractor ....possesses, uses, transfers or delivers source material....
  - Work can be accomplished without undue risk to the public health and safety

# Empire's Position—Exempt



**FLUOR**  
FEDERAL PETROLEUM  
OPERATIONS

Management and Operating Contractor for the  
Department of Energy Strategic Petroleum Reserve

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Fluor Federal Petroleum Operations (FFPO) is a special-purpose company formed for the sole purpose of managing and operating the Strategic Petroleum Reserve (SPR) under a prime contract with the U.S. Department of Energy (DOE). The DOE established the SPR in 1975 to reduce the adverse impact of a major interruption of petroleum supply to the United States and carry out our nation's obligation under the International Energy program. With the capacity for holding up

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[CESER Office of Petroleum Reserves](#)  
[Fluor Corporation](#)

## Upcoming Events

None listed

# Empire's Position—Exempt

## 35.0 GOVERNING LAW.

Where any Work is to be provided in a geographic location covered by the General Maritime Law of the United States, General Maritime Law shall apply and shall govern the validity, interpretation, and performance of this Agreement, the Work, and any applicable Orders. In those instances where the General Maritime Law does not apply, the laws of the State of Texas shall apply and govern the validity, interpretation, and performance of this Agreement, the Work and any applicable Orders. The Parties agree that the law of the selected jurisdiction shall apply exclusive of any principles of conflicts of laws that would require application of the substantive laws of another jurisdiction. The Parties agree that any legal action, suit or proceeding hereunder shall be brought exclusively in the state or federal courts located in Harris County, Texas. Each Party hereby consents to submit itself to the personal jurisdiction of the state and federal courts of Harris County and waives any objection that such courts are an inconvenient forum or venue. The Convention for the International Sales of Goods shall not apply to this Agreement. References in this Agreement to any act, law, statute, rule, or regulation shall be deemed to include references to such as the same may be amended, replaced, or reenacted from time to time.



# Empire's Position—not Exclusive

- Sites were neither known to be nor were listed as Exclusive Federal Jurisdiction
  - By NRC's own written and verbal admissions, at the time of operations NRC did not show these areas as exclusive federal jurisdiction
- NRC/NMSS Approval Procedures address unique situations
- Empire Wireline possesses valid permits and none of the lands were listed as exclusive federal jurisdiction until after the fact

# Empire Position—not Exclusive

- 7. In situations where surface and subsurface mineral rights are owned by different parties in Agreement States, jurisdiction will be based on the surface ownership. For example, well logging conducted on private land will be under Agreement State jurisdiction even if the mineral rights are maintained by the federal government or a Federally recognized Tribe. Notification of the subsurface mineral rights owner(s) will be made in accordance with Agreement State regulations and guidance.

-NMSS SA-500, pg. 5, ¶ 7



# Empire Position—not Exclusive

- 8. In general, Agreement States retain regulatory authorities over private entities operating in federally owned or controlled lands that are not areas of exclusive federal jurisdiction. There is an exception for DOE contractors operating within the Agreement State boundaries. (10 CFR 30.12, 10 CFR 40.11 and 10 CFR 70.11)

-NMSS SA-500, pg. 5, ¶8

# Empire's Position—not Exclusive

- Sites were neither known to be nor were listed as Exclusive Federal Jurisdiction
  - By NRC's own written and verbal admissions, NRC failed to list the sites as being exclusive federal jurisdiction
- NRC/NMSS Approval Procedures state that in situations where surface and subsurface mineral rights are owned by different parties in Agreement States, jurisdiction will be based on surface ownership
- Empire Wireline possesses valid permits and none of the lands were listed as exclusive federal jurisdiction until after the fact



# Nulla Poena Sine Lege

- Translated—“no punishment without law”
- US Supreme Court enforces the concept of refusing to prosecute when no law on the books for any alleged transgression.
  - Further, refuses to enforce any punishment when no law on the book
- \*\*Important to note, enacted laws cannot be retroactive

# Nulla Poena Sine Lege

- SPR not listed or known by the NRC to be exclusive federal jurisdiction at the time services were rendered
  - Therefore, no federal law or procedure could have been violated
- Acting in good faith, Empire possessed the proper State licenses for their activities and fully complied with the contract and respective State laws

# Empire Exceeded Safety

- No Incidents
- No Accidents
- No Lost Source
  - Only used in Oil-Brine Interface
- No Risk to Public Health
- No Risk to Safety
- Greater Public Good



# Empire's Corrective Actions

- Careful Who You Ask—And WHO YOU LET ASK!
- Internal Database of Work Sites
- Internal Communication
  - All contracts to be reviewed by legal (not done in the past)
  - All external governmental requests forwarded to Company leadership (not done in the past)
    - Ensure right person with right knowledge
    - HSE does not equate to RSO
- Internal Training



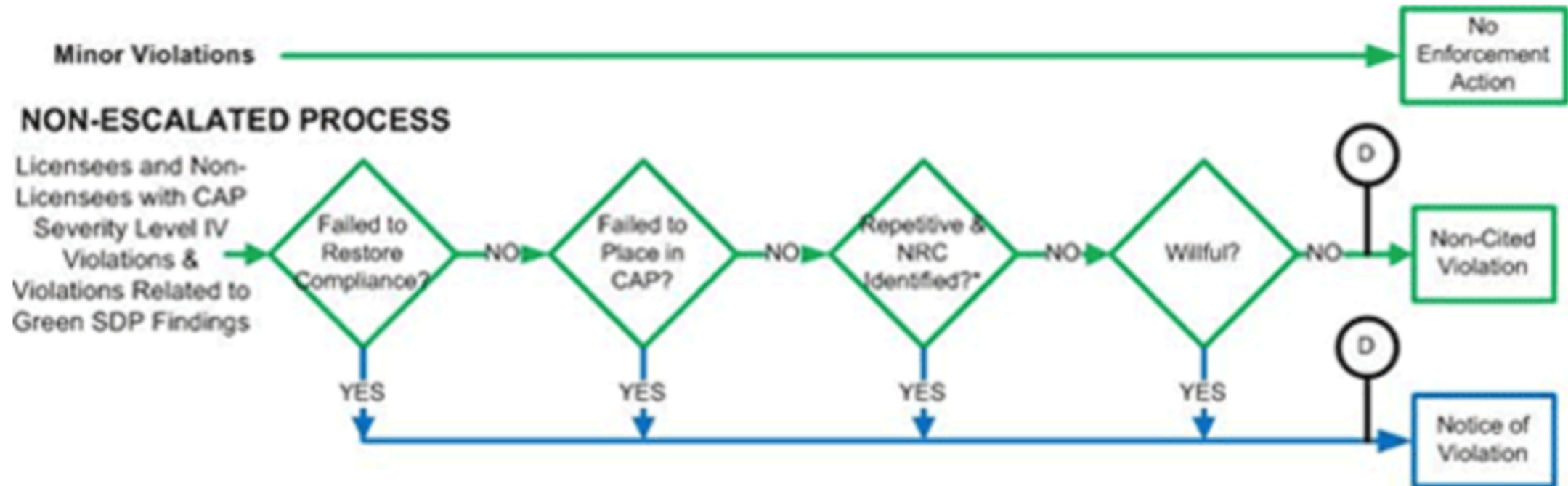
# NRC Discretion

- Not Known at the time
- Not Repetitive
- Not Willful
- No Previous Errors or Omissions
- Empire has corrected the Misunderstanding
- Empire has taken actions to prevent Future Omissions
- Matter in Question allows discretion

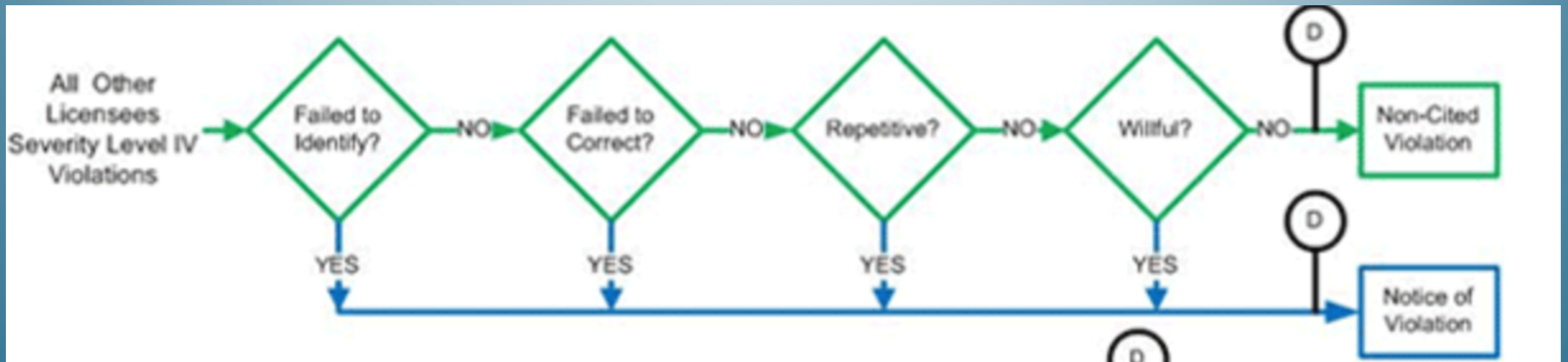
Source: NRC Enforcement Policy



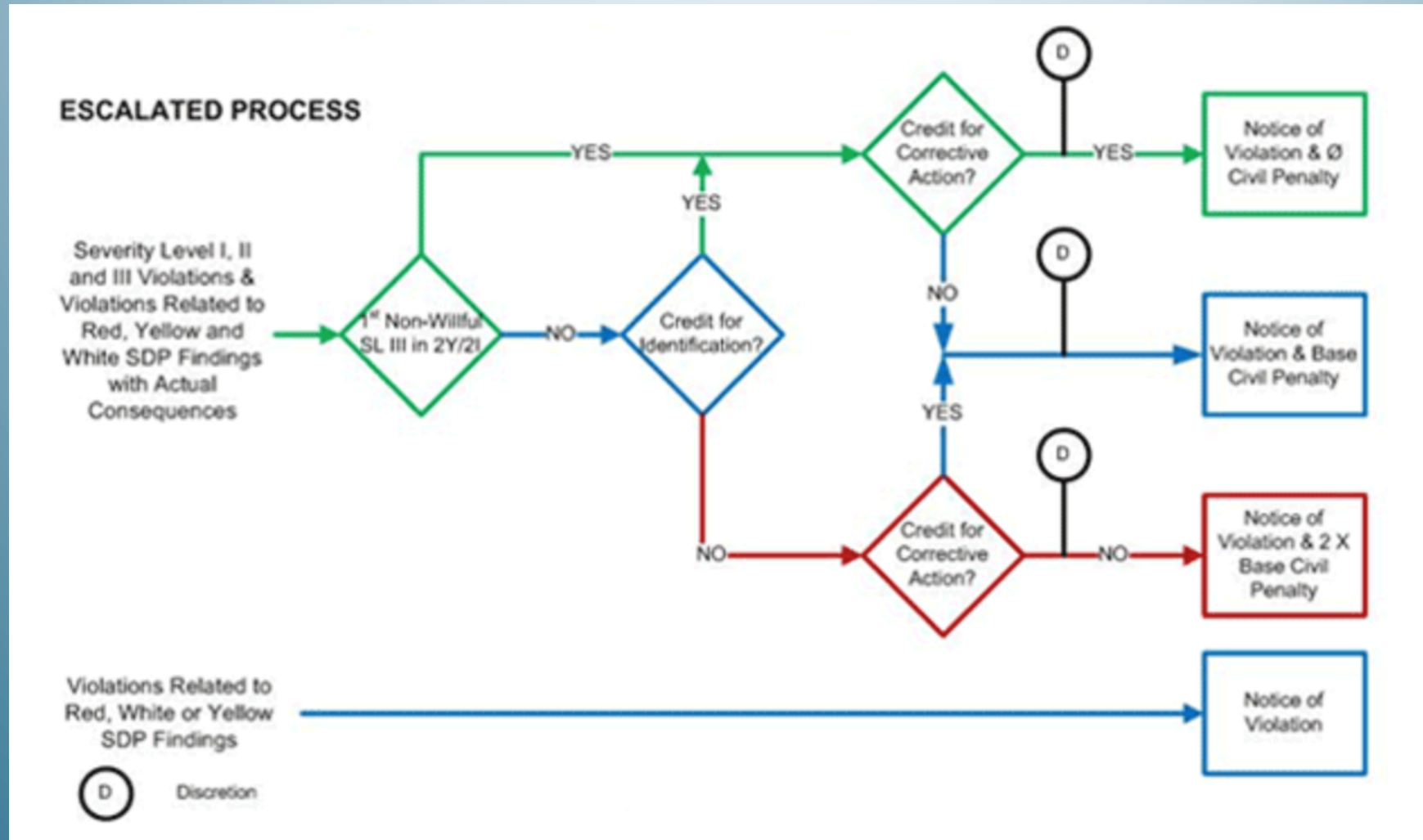
# NRC Enforcement



# NRC Enforcement



# NRC Escalated



# Empire Requested Resolution

- Total Dismissal
- Non-Cited Violation



# Summary

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- NRC Enforcement



**SINCERELY**

**THANK YOU!**