

August 5, 2005

Oil Field Services Industry Forum for  
Radiation Safety and Security  
c/o Halliburton Energy Services  
3000 North Sam Houston Pkwy East  
Bldg. Q, Office Q1T29  
Houston, Texas 77032-3219  
Attn: Richard L. Arsenault

To: Mr. Owen Lowe  
Associate Director for Nuclear Facilities Management  
Office of Nuclear Energy Science and Technology  
NE-40  
U.S. Department of Energy  
Germantown, Maryland 20874-1290

Subject: Impact of US Americium Production Cessation on the Energy Industry

Dear Mr. Lowe,

The Oil Field Services Industry Forum for Radiation Safety and Security was formed for the purpose of reviewing recently proposed federal legislation which would enact new safeguard and security measures governing the use of radioactive sources. The members have been advising the Nuclear Regulatory Commission ("NRC") of the potential impact these rules would have on the oil and gas service industry. As part of its efforts, the Forum hosted members of the NRC and the U.S. Department of Energy ("DOE") in Houston, Texas to discuss the implementation of the new rules. Since the DOE has terminated Americium production we write to you today to provide an industry opinion of the consequences this decision may have on our industry.

The DOE's cessation of Americium production reduces the supply source to a single supplier. This supplier has access to a supply of Americium for the manufacture of Americium and Americium-241 Beryllium sources; however, this supplier is totally dependent on its source of Americium from a Russian production reactor. We do not believe that the industry or the country is well served restricting choice to a single non-US supplier. Further, our reliance on that supplier is contrary to the inventory reduction efforts of other DOE agencies.

Dependence on a single supplier for our industry has a worldwide effect on our service, which is vital to the exploration and production of oil and gas. We provide service to all major U.S. and foreign oil companies. Members of the Forum will be forced to increase the relocation and movement of sources to provide service where needed. The increased transportation of sources will have an effect not only on costs, but on the administration

of the safeguards and security measures governing the use of radioactive material used in our industry worldwide.

It is our understanding that there is in fact a significant quantity of Americium-241 in the DOE inventory; however this material must be further refined to make it useable to our source suppliers.

As an industry, we purchase thousands of Curies of Americium-241 and Americium-241 Beryllium sources each year in support of the national energy program through petroleum exploration. Therefore, in submitting this letter, we are respectfully requesting that the DOE respond to our concerns and explain its decision to terminate Americium production. We also would like to know whether there is a plan for re-activating the Americium production facilities in the United States.

At present, the following member companies are participating in this Forum opinion letter. Each will forward estimates of their annual consumption of Americium for your consideration, under separate cover.

- Halliburton Energy Services, Inc.
  - Richard Arsenault, Dwaine Brown, Steve Woods
- Schlumberger
  - Ray Dickes, Tom Wood
- Baker Atlas/Inteq
  - Jim Elrod, David Huber
- Pathfinder Energy Services
  - Andy Neil
- ProTechnics, a Division of Core Laboratories
  - Tom Hampton, Larry Stephenson, Whit Hampton
- Perf-O-Log, Inc., and E.M. Hobbs, Inc. subsidiaries of W-H Energy Services, Inc.
  - George Doggett
- Precision Energy Services
  - Stefan Colhoun, Jeff Pettigrew
- Tucker Energy
  - Randy Nitz, Bill Johnson
- Weatherford
  - Andrew Pitts
- Black Warrior Wireline
  - Donald Babin
- Integrated Production Services (IPS)
  - Bill McKee

In addition, the following Radioactive Source Suppliers have reviewed this letter and have agreed to endorse as an interested party involving this issue.

- AEA Technology QSA Inc.
  - Dr. Mark G. Shilton
- Gammatron
  - Charlie Gallagher
- Isotope Products Laboratories
  - Steve Glass, Richard Hunter, Jim Wilson
- NSSI
  - Bob Gallagher

Sincerely,



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On behalf of Oil Field Services Industry Forum for Radiation Safety and Security  
Richard L. Arsenault  
Radiation & Explosive Safety Global Process Manager  
Halliburton Energy Services

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