AEROTEST OPERATIONS, INC.
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OEA

13 November 2000

Mr. Ledyard B. Marsh, Chief
Events Assessment, Generic Communications
and Non-Power Reactors Branch
Division of Regulatory Improvement Programs
Office of Nuclear Reactor Regulation
U. S. Nuclear Regulatory Commission
Mail Stop (O-12 D-1)
Washington, D.C. 20555-0001

Re: Docket No. 50-228, License No. R-98
Letter dated 18 October 2000 – "Transfer of Ownership"

Dear Mr. Marsh:

We have received your letter of 18 October 2000 concerning transfer of ownership and the concomitant issue of foreign ownership of the Aerotest Radiography and Research Reactor.

When OEA, Inc., was purchased by Autoliv Inc., in April, 2000, the ownership of the ARRR remained with OEA, Inc., and Aerotest Operations, Inc., remained as the operating entity. Therefore, we did not think there was a transfer of the operating license and any need to obtain NRC approval for the ownership transaction. Nevertheless, as your 18 October 2000 letter indicates, our 14 April 2000 letter did inform the NRC of an indirect ownership change.

The fact that Autoliv Inc is headquartered in Sweden did raise a flag and we did initiate correspondence with the NRC to keep you informed. Information that Autoliv Inc. is registered on the New York Stock Exchange as a U. S. company, incorporated in Delaware, that OEA, Inc., was to be a subsidiary of Autoliv Inflators located in Denver, and that the chain of command for ARRR would be U. S. citizens seemed to ameliorate the concern about foreign ownership.

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As a NYSE company, Autoliv Inc., complies with all regulatory and filing requirements per the Securities Exchange Act of 1934. Equity ownership fluctuates regularly and can be monitored via Schedules 13D and 13G filings. All Aerotest Operations management positions are held by U. S. citizens. Their appointment and compensation is determined by U. S. citizens. All Aerotest Operations, OEA, Inc., and OEA Board of Directors positions are held by U. S. citizens.

Aerotest Operations and OEA, Inc., have no foreign indebtedness and no interlocking directors of officers with foreign corporations.

With the help of your staff, we have been able to become more knowledgeable about the NRC interpretation of foreign ownership and the need for approval for the operating license transfer. We also understand that the rules are based on sections 103 and 104 of the Atomic Energy Act of 1954 and a need to ascertain that there would be no breach of national security and the diversion of special nuclear materials.

Our country was having trouble determining which nations were friendly at the time preceding and after the enactment of the Act in 1954. Multinational corporations were yet to germinate in the minds of economists.

The situation is much clearer now and we are more secure and better able to identify friend from foe. We also know what enrichment of special nuclear material our foes need and seek and the fact that some fuels, especially TRIGA fuels create even more problems for enrichment to the proper values.

While we do not believe that our current administrative and operational structure under License No. R-98 presents a threat "to the common defense and security or to the health and safety of the public", we are submitting, as a separate document, a request for transfer of License No. R-98 pursuant to 10 CFR 50.80.

Since Aerotest Operations is in a state of flux with the possibility of a second transfer of ownership, we will apply for an additional license transfer before any further transactions take place.

Thank you and your staff for your help in these licensing matters.

Very truly yours,

Ray R. Tsukimura
President