



**MATHESON
TRI-GAS**

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June 12, 2001

VIA FEDERAL EXPRESS

Mr. Ronald D. Hauber
Deputy Director, Office of International Programs
Mail Stop 4 E9
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Rockville, MD 20852-2738

Re: Matheson Tri-Gas, Inc.
Sale of Isotec, Inc.

Dear Mr. Hauber:

This is in reply to your request for information to Mr. Roy P. Lessy, Jr., Esq., of Akin Gump, NRC counsel to Matheson Tri-Gas, Inc. ("Matheson") dated April 12, 2001 (hereafter "April 12th Letter").

1. With regard to question one in your April 12th Letter, at our request, Mr. Ross Scarano, an outside independent consultant, conducted a comprehensive, on-site review of Isotec, Inc.'s 1995 -2000 shipping documentation for instances where deuterium export limitations contained in 10 C.F.R. §110.24 were exceeded. This review supplemented a previous review conducted by the Matheson staff. The results of the initial Matheson review were shared with the NRC Staff by Messrs. Lessy and Scarano during a meeting in NRC Headquarters on March 20, 2001. As you will recall, Matheson's representatives requested such meeting. As stated during the March 20, 2001 meeting, Isotec was sold to Sigma-Aldrich Corporation, pursuant to a transaction that closed during mid-February of 2001. In direct response to question one of your letter, the results of Mr. Scarano's recent on-site review of deuterium shipments in excess of the general license limits are shown in Attachment 1 hereto.

You will note some modest differences in Attachment 1, as a result of Mr. Scarano's on-site review. The most significant are that the shipments to India dated 8/19/98 and 5/12/99 are no longer considered regulatory exceedances. Mr. Scarano's review showed that the amounts of deuterium listed as shipped on each day were for multiple shipments, none of which exceeded an individual shipment limitation in 10 C.F.R. §110.24. In addition, as a result of Mr. Scarano's review, the 4/28/95 Isotec shipment to Israel has been revised from 8 Kg. deuterium equivalent weight to 4.8 Kg. After review, the shipped material was found to be of a lower purity than at first believed. Nonetheless, the shipment to Israel exceeded individual shipment limitations.

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Matheson is reasonably confident, in light of the two reviews described above, that the list of exceedances presented in Attachment 1 is complete. Shipping records were checked and cross-checked a number of different ways including by shipping date, material shipped and by country. We believe these two reviews have identified the export shipments of concern in response to question 3 of your letter.

2.

A. This is in response to question 2 of your letter regarding shipments to India and Israel. As to the shipments to India, as described above and upon further review, these shipments were not exceedances under the general license provisions of 10 C.F.R. §110.24. Nevertheless, for the sake of completeness, and in response to your request, we have obtained additional information relative to those shipments. The deuterium shipped to India on the above referenced dates went to two chemical import (and distribution) companies named Chemicals Unlimited and ChemPure. In response to our request, ChemPure confirmed that Chemicals Unlimited and ChemPure were related companies operated by Mr. Pravin Shah. He confirmed that the deuterium compounds were used for nuclear magnetic resonance (NMR) research and that the customers receiving the compounds were Hindustan Lever Ltd., Mumbai (Research Center), CIBA (India) Pvt. Ltd., Mumbai (Associate company of Novartis), Gharda Chemicals Ltd., Mumbai (Pesticide Research Center), Orchid Chemicals & Pharmaceuticals, Chennai, Lupin Laboratories Ltd., Mandideep (Bhopal), Ranbaxy Laboratories, Gurgaon (Research Center), and Glaxo India Ltd., Thana, Mumbai.

B. As to the shipments to Israel, our shipping records indicate that the deuterium shipped to Israel on 4/28/95 went to a company called "Enritech Enrichment Tech, Ltd." to a PO Box number. Correspondence sent by Matheson to that box number has not been answered to date. Our searches by telephone, on the world wide web and by our local sales agent in Israel found no such entity currently in existence. In addition, corporate search requests for Enritech were conducted on our behalf by Dunn and Bradstreet and CT Corporation. Dunn and Bradstreet had no success; however, CT Corporation recently obtained a print-out from the Registrar of Companies in Israel showing "Enritech-Enrichment Technology Ltd." as an active company as of May 30, 2001 located at 42 Ha'Galil Street, Rehovot. Please note that the listing is for "Enritech-Enrichment Technology Ltd." as opposed to "Enritech Enrichment Tech, Ltd." Further inquiries have now been sent to this address and we are awaiting a response. We will timely update this reply if additional responsive information is obtained as a result of this final inquiry.

C. The details of our end use and end user search for the subject India and Israel shipments are listed in Attachment 2.

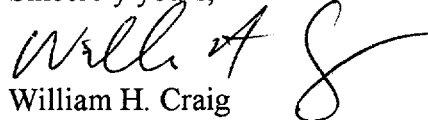
3. Finally, in response to your question 4 in your April 12th Letter regarding internal control procedures implemented by Matheson for compliance with the export licensing parameters for deuterium as contained in 10 C.F.R. §110, included as Attachment 3 is a newly adopted "Matheson National Deuterium Export Oversight Program," together with milestones

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and schedules for full implementation that we have developed for compliance with 10 C.F.R. §110. As noted, implementation of the new "Matheson National Deuterium Export Oversight Program" is in process and the program will be fully operational by 8/15/2001. As also noted, our NRC regulatory counsel and/or our outside independent consultant are to conduct an effectiveness evaluation of the program at six months, one year, and thereafter as necessary, approximately annually, following full implementation of the program to make program modifications, as necessary, for compliance with 10 C.F.R. §110.

We trust that we have been fully responsive to your letter. Finally, it is requested that additional correspondence also be provided to Roy P. Lessy, Jr., Esq. at the address on your original letter, with a copy to the undersigned.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Will H. Craig", with a large, stylized flourish extending to the right.

William H. Craig
Executive Vice President,
Finance and Administration

cc: Roy P. Lessy, Jr., Esq.
Ross Scarano

Attachment 1

INDIVIDUAL SHIPMENTS EXCEEDING 10 CFR 110.24(a) LIMITS		
<u>DATE</u>	<u>COUNTRY</u>	<u>DEUTERIUM EQUIVALENT WEIGHT</u>
2/07/95	Japan	10.2 Kg
3/27/95	Japan	10.04 Kg
6/13/95	Japan	10.5 Kg
6/28/95	UK	11.4 Kg
7/25/95	Japan	10.06 Kg
7/31/95	UK	13.5 Kg
11/30/95	Japan	11.2 Kg
3/29/96	UK	12.2 Kg
5/24/96	Japan	16.4 Kg
11/27/96	Japan	16.1 Kg
3/21/97	Japan	10.02 Kg
5/30/97	Japan	21.8 Kg
10/7/97	Japan	10.01 Kg
2/23/99	Japan	10.2 Kg
3/24/99	Japan	10.8 Kg
7/28/00	Japan	10.2 Kg

**ANNUAL SHIPMENTS
EXCEEDING 10CFR 110.24(a) LIMITS**

<u>YEAR</u>	<u>COUNTRY</u>	<u>DEUTERIUM EQUIVALENT WEIGHT</u>
1999	Japan	244.1 Kg

**INDIVIDUAL SHIPMENTS
EXCEEDING 10 CFR 110.24 (b) LIMITS**

<u>DATE</u>	<u>COUNTRY</u>	<u>DEUTERIUM EQUIVALENT WEIGHT</u>
4/28/95	Israel	4.8 Kg

**ANNUAL SHIPMENTS
EXCEEDING 10 CFR 110.24(b) LIMITS**

NONE

Attachment 2

INDIA

May 11, 2001

- Letter, fax and e-mail query sent to ChemPure.
- Letter, fax and e-mail query sent to Chemicals Unlimited.

May 14, 2001

- ChemPure's Pravin Shah responded, confirming Chemicals Unlimited and ChemPure were related companies and that the deuterium compounds were used for NMR research, but declined to give customer names.

May 14, 2001

- Fax sent to Pravin Shah confirming receipt of correspondence, assuring confidentiality in that customers names would not be provided to its competitors and re-requesting the information.

May 17, 2001

- Mr. Shah responded providing the names of seven companies that would have received product from the subject shipments. It was stated again that the material was used for NMR research.

ISRAEL

May 1, 2001

- Worldwide Web search revealed no web site for Enritech Enrichment Tech.
- A domain name "Enritech.co.il" was located; however, it was determined not to be active.
- An e-mail was sent to Matheson's local sales agent, Bellgar, requesting their assistance in locating Enritech.

May 3, 2001

- Belgar responded indicating that they had made efforts to locate Enritech, but could not find it and assumed that the company had left the market.
- Matheson acquired information that indicated that Rotem Industries may have acquired Enritech.
- Worldwide web search revealed the existence of Rotem Industries located in Beer Sheva, Israel; however, there was no indication on its site history that Enritech was associated with it or had been acquired.

May 11, 2001

- An e-mail was sent to Rotem Industries requesting information regarding Enritech.

May 13, 2001

- Confirmed that the e-mail was received and opened by Rotem Industries staff.

May 15, 2001

- A second e-mail was sent to Rotem requesting information. Receipt was confirmed. No response has been received from Rotem.

May 17, 2001

- Matheson Tri-Gas requested a Dunn & Bradstreet report on Rotem Industries and Enritech. D&B was unable to find any information or listing for Enritech but returned information on Rotem Industries. There was no indication of a relationship between the companies.

May 21, 2001

- Matheson requested that CT Corporation seek out and find information regarding Enritech Enrichment Technology, Ltd.

May 31, 2001

- Letter sent to Enritech Enrichment Technology, Ltd. at its last known address, a PO Box in Rehovot. No reply to date.

June 7, 2001

- CT Corporation reported receipt of a print out from the Israeli Registrar of Companies, the company, Enritech-Enrichment Technology Ltd. has operated as a private company since 1993. As of May 30, 2001 the Company is currently active and the address is:

42 Ha'Galil St., Rehovot - for the attention of MR. Ben-Zion Reindorf

June 12, 2001

- Registered Letter sent to Enritech-Enrichment Technology Ltd. at its address identified by CT Corporation to Mr. Reindorf's attention. No reply received yet.

Matheson National Deuterium Export Oversight Program

- The VP, Compliance has been assigned corporate responsibility for deuterium export compliance oversight. VP, compliance has direct reporting responsibility to the President, Matheson Tri-Gas and an additional reporting responsibility for this oversight program to the Executive VP, Finance and Administration.
- An individual at each Matheson United States facility capable of exporting deuterium has been assigned to the deuterium export oversight program and for purposes of this program will report to the VP, Compliance.
- The VP, Compliance will perform regularly scheduled reviews of export reports for compliance with 10CFR110. The reviews will be performed monthly, initially, then as required, but not less often than every six months.
- The VP, Compliance will issue an annual deuterium export compliance status report for review by the Executive VP, Finance and Administration.

Milestones and Schedule

Messrs. Lessy/Scarano will provide 10 C.F.R. §110, and general NRC compliance training to the VP, compliance – by 7/3/01

VP, Compliance will provide training to responsible facility staff – by 8/7/01

Program fully implemented – 8/15/01

Program effectiveness evaluation – 1/30/02; 7/30/02

Program Review and Modifications – 8/15/02; annually thereafter.