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March 4, 1977

Commissioner Marcus A. Rowden
Chairman
United States of America
Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D. C. 20545

Commissioner Richard T. Kennedy
United States of America
Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D. C. 20545

Commissioner Victor Gilinsky
United States of America
Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D. C. 20545

Re: U. S. Nuclear's Export License
Amendment Application No. XSNM-690

Gentlemen:

As you are aware, U. S. Nuclear Company located in Oak Ridge, Tennessee, has had an application pending for over twenty-three months to allow the company to increase the amount of fuel elements it may ship to the South African Atomic Energy Board under Export License No. XSNM-690. This application is for fuel now urgently needed for a tiny 20 Mwt research reactor used for creating medical radio-isotopes and to conduct medical, agricultural, and scientific research. The company's application for the amendment was filed with the Commission on March 26, 1975.

We understand that the State Department has completed its analysis of U. S. Nuclear's application, and has concluded that issuance of the license amendment would not be inimical to the interests of the United States, including the common defense and security, and that the license should be issued subject to certain conditions. We have had assurances that the purchaser has agreed to the conditions specified by the Executive Branch.

The fuel elements covered by our client's application as approved by the State Department have been fully manufactured and are ready for immediate shipment. Under the terms of the contract, however, the customer is not obligated to make final payment until the fuel elements are delivered. Our client needs payment for this work. We also understand that nuclear fuel on hand at the customer's research reactor is growing critically short. As the State Depart-

APPENDIX B

E-10

MORGAN, LEWIS & BOCKIUS

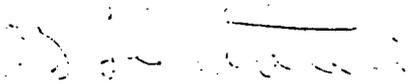
Commissioner Marcus A. Rowden
Commissioner Victor Gilinsky
Commissioner Richard T. Kennedy
March 4, 1977
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ment report concludes, the customer is in full compliance with all statutory and regulatory requirements, including the terms of its Agreement For Cooperation with the U. S. Government. The inordinate delay that has already transpired in this matter has worked a severe hardship on our client.

U. S. Nuclear is prepared promptly to provide directly to you and your staff whatever information and materials you believe necessary or desirable for a prompt consideration of its application. We have been authorized by our client to immediately respond to any such requests from the Commission. I can be reached at (202) 872-5160, or you may call my associate, Mr. Williamson, at 872-7627.

For the above reasons, we would greatly appreciate your expediting the issuance of Amendment No. 2 to NRC Export License No. XSNM-690.

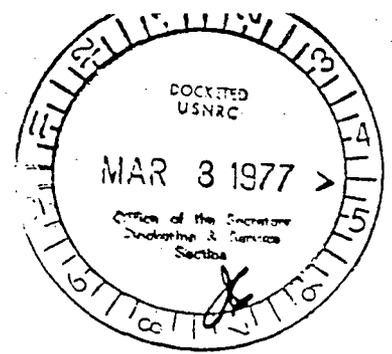
Sincerely,


O. S. Hiestand
Attorney for
U. S. Nuclear Corporation

cc: See attached Service List

OSH/tap

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION



In the Matter of)
)
U. S. NUCLEAR, INC.)
)
For the Export of Special)
Nuclear Material to the)
Republic of South Africa)

License No.
XSNM-690, Amendment 2

CERTIFICATE OF SERVICE

Service has been effected on this date by first class mail or messenger to the following:

Office of the Commissioners
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D. C. 20555

Docketing and Service Section
Office of the Secretary
U.S. Nuclear Regulatory Commission
Washington, D. C. 20555

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Washington, D. C. 20555

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Office of International Programs
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

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Civil Rights Under Law
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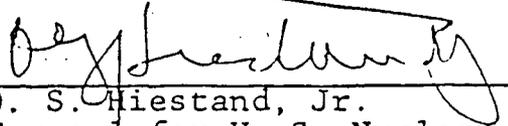
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Director
Nuclear Regulatory Commission
Washington, D. C. 20555

Dated: March 4, 1977


O. S. Hiestand, Jr.
Counsel for U. S. Nuclear, Inc.