Linda L. Rutherford
Sr. VP and General Counsel

January 18, 2010

Delivery by UPS

Deputy Director
Office of International Programs
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, Maryland 20852

Re: Dresser Inc. Reports of Component Exports under 10 C.F.R. § 110.26(d)

Dear Sir or Madame:

Dresser, Inc. (Dresser), a corporation with headquarters located at 15455 Dallas Parkway, Suite 1100, Addison, Texas 75001, hereby submits this report 10 C.F.R. §110.26(d) regarding the export of certain components subject to the regulations. Dresser is a commercial valve manufacturing company that primarily serves petrochemical energy markets that also from time to time sells valves and other components that qualify for general licenses under 10 C.F.R. § 110.26 of the regulations. Please note that this report covers the period 2004 through 2008. Dresser wishes to point out that pursuant to the requirements of section 110.26(d), these reports are not submitted within the applicable deadline. The failure to submit these reports in accordance with the timeline specified in section 110.26(d) was not intentional, but rather was the result of inadvertence and human error, including a change of personnel involved in export compliance. Dresser requests that in this instance the agency permit Dresser to file these reports late with the understanding that Dresser has implemented a significantly improved and expanded export compliance organizational structure and a new set of export compliance processes, with a focus on ensuring timely reporting to the agency in the future. Should the agency nevertheless consider that a violation of its regulations has occurred, Dresser respectfully requests that the agency treat this report as a voluntary self-disclosure regarding the failure to file these reports in a timely way and also inform Dresser of that decision so that Dresser can continue to communicate with the agency regarding this matter.

I. Company Background

Dresser and its subsidiaries provide infrastructure products for the global energy industry, including a variety of valve and valve accessory products, engines and other infrastructure products that are sold primarily to the petroleum extraction and processing industries, but which are also used in a wide variety of other industries. The vast majority of its products are sold for non-nuclear energy end uses and company employees think of those end uses as their primary target markets. Dresser has a broad portfolio of products including valves, actuators (which help open, close and adjust valves), meters, switches, regulators, piping products, natural gas fueled engines, retail fuel dispensers and point of sale systems, and air and gas handling equipment. Leading brand names within the Company's portfolio include Dresser Wayne® retail fueling

systems, Waukesha® natural gas-fueled engines, Masoneilan® control valves, Mooney® regulators, Consolidated® pressure relief valves, and Roots blowers and rotary gas meters. A very small percentage of Dresser's products that can be used with nuclear reactors, which are identified in the attached reports, are controlled by NRC for export.

II. Discussion of Violation

As indicated above, the failure to file annual reports under section 110.26(d) of the regulations was inadvertent. Dresser has undergone significant changes in its export compliance system and in the personnel working in that system during the last several years. This turnover in personnel and a prior lack of a reporting structure and calendar triggers led to an unintentional and regrettable failure to submit reports required under section 110.26(d) of the agency's regulations from 2004-2008.

More specifically, Dresser has undergone a complete revision in its export compliance system. The company hired a new Director of its Corporate Global Trade Compliance a group that is part of the Dresser Ethics & Compliance Department, the company also revised its export compliance manual, issued new export compliance checklists, classification guidelines and other procedural guides, revised its training program and materials, conducted a number of classification applications for its products and otherwise substantially revamped and revised its export compliance systems at the facility and headquarters level. As part of that process, the company added personnel to its export compliance group, but not all of those personnel were as familiar with NRC reporting requirements as they should have been. Moreover, as indicated above, prior to the full implementation of this revised compliance system, Dresser did not have the processes in place that guaranteed timely reporting to NRC, such as a clear set of procedural and calendar triggers for receiving reports of exports of products qualifying for 110.26(d) reporting at the headquarters level from the facilities exporting those items, and a system for ensuring that those reports were analyzed, complied and submitted to NRC in accord with the applicable regulatory timeline. As indicated below, that situation has been remedied.

For NRC's background, Dresser does occasionally ship certain items under a valid NRC export license, and those items were shipped in accordance with applicable license conditions. There is also no information that points to Dresser shipments of products without licenses when an NRC export license would have been required.

III. Remedial Measures

Dresser sincerely regrets its failure to file these annual reports with the agency in a timely fashion. In reviewing the circumstances that led to this error, Dresser did not find indications that individuals or the company purposefully or willfully set out to violate NRC regulations. Rather, as described, the company's export compliance system did not adequately trigger the required reports and human error led to a failure to recognize and respond to this lack of appropriate processes in a timely way. In response to this situation, Dresser has implemented a reliable system to generate required reports at local facilities, have those local reports provided to the headquarters export compliance personnel responsible for centralized submitting reports to NRC, and the company has implemented calendar reminders that trigger the required data review, final report preparation and the report submission cycle. Moreover, key compliance and operational personnel involved in product manufacturing are being trained regarding agency reporting requirements on a regular and ongoing basis. Dresser believes these steps should guarantee that the required reports are filed with the agency in a timely fashion in the future.

Dresser has used the discovery of this error to address compliance weaknesses and invest in resources to ensure the same error does occur again. The company believes that it now has a robust compliance and reporting system and the company is committed to continuing to expand and refine its compliance efforts with the goal of preventing future errors.

Should NRC be interested in additional specific information regarding Dresser's revised export compliance system, Dresser would be happy to meet with agency personnel to review the revisions to the company's compliance system and demonstrate aspects of that system, such as the company's compliance manual, nuclear export training materials, and other aspects of the program.

IV. Request for Confidential Treatment

We respectfully request that the information contained herein (and in any subsequent submissions relating to this matter) be treated as confidential. This submission and the attachments contain sensitive and proprietary business information including customer names, the types of products sold to those customers, and sensitive pricing data, the release of which would cause significant harm to Dresser's commercial and competitive position. Accordingly, the information provided in this submission is exempt from disclosure under the Freedom of Information Act. See 5 U.S.C. § 552(b)(4). Additionally, unauthorized disclosure may violate the Trade Secrets Act. See 18 U.S.C. § 1905. If a decision is made by NRC or any other government entity to release this information despite our request for confidentiality, Dresser requests an opportunity to be heard prior to any such release.

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Please let us know if additional information is required by contacting Erin Crockett, Corporate Global Trade Compliance, at 972-361-4752 or me directly.

Sincerely,

Linda Rutherford

Linda Rutherford
Senior Vice President and General Counsel.
Dresser, Inc.

Enclosures

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