

March 14, 2006

MEMORANDUM TO: Chairman Diaz
Commissioner McGaffigan
Commissioner Merrifield
Commissioner Jaczko
Commissioner Lyons

FROM: Janice Dunn Lee, Director **/RA/**
Office of International Programs

SUBJECT: ANNUAL REPORT FOR 2005 ON CONVERTING THE HFR
PETTEN REACTOR TO LEU FUEL

In accordance with SRM-S01-0040 and Commission Memorandum and Order CLI-00-16 in the matter of Transnuclear, Inc., export Licence No. XSNM02611, the attached letter from the Department of State provides the fifth annual report on the status of converting the Petten High Flux Reactor (HFR Petten) in the Netherlands from high enriched uranium (HEU) to low enriched uranium (LEU) fuel. According to the letter, the HFR Petten conversion project made excellent progress in 2005 and is on schedule to complete conversion to LEU fuel by May 2006. Contracts necessary to proceed with the project were concluded and LEU fuel elements were purchased and delivered in 2005. LEU conversion began with the insertion of the first LEU assembly in November 2005.

The NRC license (XSNM02611/02), authorizing the export of HEU fuel to HFR Petten, expired on December 31, 2003. The final HEU shipment under that license was made in early 2003.

Attachment: Letter dated March 13, 2006, from R. DeLaBarre,
State Department to J. Dunn Lee, NRC

cc: SECY
OGC
EDO
OCA
OPA
NRR
NMSS
RES
NSIR

CONTACT: Janice Owens, OIP
415-3684

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