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**DOCKETED
USNRC**

January 12, 2010 (3:11 p.m.)

**OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF**

Robert B. Haemer
tel 202.663.9086
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License No. R-98
January 7, 2010

Secretary
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001
Attn: Rulemakings and Adjudication Staff

**Aerotest Radiography and Research Reactor
Docket No. 50-228
Request for Extension To Consider The Proposed Denial of A Renewal Request**

Ladies and Gentlemen:

By letter dated July 9, 2009, the Director, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission ("the Director") informed Aerotest Operations, Inc. ("Aerotest") that the NRC was proposing to deny Aerotest's application for renewal of the license for the Aerotest Radiograph and Research Reactor ("ARRR"), Facility Operating License No. R-98. The Director's letter stated that Aerotest had the right to demand a hearing within 20 days of the date of the letter. On July 24, 2009, in response to Aerotest's July 21, 2009 request for extension, the Director extended the date to request a hearing until September 8, 2009. On September 11, 2009, in response to a request by Aerotest dated September 4, 2009, the Director extended the date to request a hearing until November 9, 2009. On November 17, 2009, in response to a request by Aerotest dated November 2, 2009, the Director extended the date to request a hearing until January 8, 2010.

The Director's July 9 letter stated that the reason for the proposed denial was the Nuclear Regulatory Commission's ("NRC's") determination that Aerotest had allegedly failed to comply with the NRC's requirements relating to foreign ownership, control, or domination.

On June 18, 2009, Autoliv ASP, Inc. (parent corporation of Aerotest) and X-Ray Industries, Inc. (the "Parties") entered into a non-binding letter of intent for the sale of the ARRR to X-Ray Industries, Inc. On January 7, 2010, the Parties submitted a joint



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letter requesting the NRC to evaluate the indirect transfer of the license for ARRR to X-Ray Industries, Inc. Therefore, pursuant to 10 C.F.R. §§ 2.103(b)(2) and 2.346(b), Aerotest requests an additional 60-day extension (to March 9, 2010) to consider whether to request a hearing with respect to the proposed denial.

The 60 days requested is expected to provide time for the Parties to complete negotiations for the potential sale of the ARRR and for the NRC to review the license transfer request.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert B. Haemer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert. B. Haemer

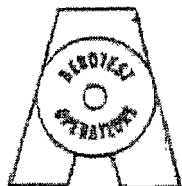
Counsel for Aerotest Operations, Inc.

cc: U.S. NRC Office of Nuclear Reactor Regulation/NRLPO
U.S. NRC Region IV, Regional Administrator
NRC, NRR (C. Montgomery)
NRC, OGC (C. Safford)



X-Ray Industries **Autoliv**

Autoliv is a registered trademark of Autoliv ASP, Inc.



AEROTEST OPERATIONS, INC.

3455 FOSTORIA WAY • SAN RAMON, CA 94583 • (925) 886-1212 • FAX (925) 886-1716

Docket No. 50-228

RE: 10 C.F.R. § 50.80(a)

January 7, 2010

Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

**Aerotest Radiography and Research Reactor
License No. R-98
Request for Order for indirect Transfer of License**

Pursuant to 10 C.F.R. § 50.80(a), this letter requests that the U.S. Nuclear Regulatory Commission provide written consent to the indirect transfer of control of License No. R-98, which authorizes operation of the Aerotest Radiography and Research Reactor ("ARRR"). The transfer of this license is being requested in connection with the potential stock sale of Aerotest Operations, Inc. ("Aerotest") from Autoliv ASP, Inc. (current parent corporation of Aerotest) ("Seller") to X-Ray Industries, Inc. ("Buyer") (collectively, the "Parties")

This letter requests prior consent to the indirect transfer of control of the license. The Parties understand that the NRC has initiatives underway to simplify and streamline licensing actions for research and test reactors, particularly for those reactors under 250kw, like the ARRR. NRC Staff Requirements Memorandum, SECY 08-161 of March 26, 2009. The NRC has not issued guidance on indirect license transfer requests specific to test and research reactors. Consistent with the NRC streamlining initiative, this letter follows the format for requests for indirect transfer of materials licenses suggested by *Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses*, NUREG 1556, Vol. 15, App. F.

- 1) Provide a complete description of the transaction (transfer of stocks or assets, or merger). Indicate whether the name has changed and include the new name. Include the name and telephone number of a licensee contact who NRC may contact if more information is needed.

a. Description of Transaction. Aerotest owns the ARRR in San Ramon, California. The ARRR performs neutron radiography and other testing services critical to aerospace and defense industries. Seller intends to sell the all the stock in Aerotest to Buyer upon completion of commercial negotiations.

Buyer has over 60 years experience in providing radiation-based non-destructive testing services. Buyer holds a current radioactive materials licensee in the State of Ohio, and for many years has held a NRC license.

The Parties plan to consummate the transaction by the transfer from Seller to Buyer of all stock in Aerotest and its parent holding companies; OEA Aerospace, Inc., a California corporation and OAE, Inc., a Delaware corporation; to Buyer.

b. No Name Change. After the sale of Aerotest's stock, Buyer does not intend to change the name of the ARRR or Aerotest.

c. Licensee Contact Information. Scott Thams, President of X-Ray Industries, Inc., (248) 613-4155, is the official contact for the Buyer, and Dario Brisighella, (801) 625-9231, is the President of Aerotest. Legal questions regarding the transaction described above should be directed to Robert B. Haerner, (202) 663-9086.

2) Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel.

The Parties are aware of no changes in personnel or duties related to the licensed programs. The Buyer intends to retain the current management team at the facility, except Scott W. Thams will replace Dario Brisighella. A summary of his relevant experience is provided in Attachment 3.

3) Describe any changes in the organization, location, facilities, equipment or procedures that relate to the licensed program.

The Parties are aware of no changes in the organization, location, facilities, equipment or procedures that relate to the licensed programs.

4) Describe the status of the surveillance program (surveys, wipe tests, quality control) at the present time and the expected status at the time that control is to be transferred.

The U.S. Nuclear Regulatory Commission conducted an inspection of the activities under License R-98 on June 8-11, 2009. No items of non-compliance were found during that inspection. The present surveillance programs have not changed since those inspections. It is not expected that any of the surveillance programs will change at the time control is transferred.

- 5) Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels and fixed and/or removable contamination, including methods and sensitivity.**

Aerotest and the Parties certify that all records relating to the ARRR will be transferred to the Buyer upon closing, including any records described in item #5.

- 6) Confirm that the transferee will abide by all constraints, conditions, requirements and commitments of the transferor or that the transferee will submit a complete description of the proposed licensed program.**

The Buyer, by means of a letter attached hereto as Attachment 2, has given assurances to the Seller that it intends to abide by all constraints, conditions, requirements and commitments of Aerotest upon completing the acquisition.

As summarized above, stock sale described above will have no impact on the assurance that Aerotest will continue to operate the ARRR in conformance with NRC regulations, without endangering the health and safety of the public or the common defense and security. There are no adverse changes in the areas of financial and technical qualification and no changes requiring antitrust or environmental review. This transfer is categorically exempt from environmental review.

This indirect transfer of ownership will result in no change to the organization, procedures, or policies of Aerotest. The current licensee, Aerotest, is unchanged.

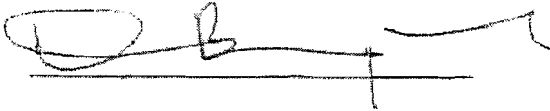
This indirect transfer of ownership will result in no effect on financial qualifications. This change will not alter Aerotest's costs or revenues. Decommissioning assurance will be provided by a trust fund and the commitment by X-Ray Industries to comply with the NRC decommissioning financial assurance requirements to provide additional deposits from revenues derived from operating ARRR for the first five years. The decommissioning funding provides reasonable assurance adequate funds will be available for radiological decommissioning as described in Attachment 1.

No Restricted Data or classified National Security Information is associated with the ARRR or its license.


Aerotest, on its own behalf and on behalf of the Parties, requests that you review this information and provide written consent to this indirect license transfer effective upon the closing of the acquisition.

If you have any questions regarding this submittal, please contact Robert B. Haemer, counsel to Aerotest, at (202) 663-9086 or robert.haemer@pillsburylaw.com.

Sincerely,



Dario Brisighella
President,
Aerotest Operations, Inc.



Eric R. Swanson
Assistant General Counsel
Autoliv ASP, Inc.



Scott W. Thams,
President,
X-Ray Industries, Inc.

Attachments: 1) Decommissioning Funding Analysis for ARRR
 2) X-Ray Industries, Inc. Letter of Commitment
 3) Summary of Relevant Experience of Scott W. Thams

cc: U.S. NRC Office of Nuclear Reactor Regulation/NRLPO
 U.S. NRC Region IV, Regional Administrator
 NRC, NRR (C. Montgomery)
 NRC, OGC (C. Safford)

Attachment 1

Decommissioning Funding Analysis for
Aerotest Radiography and Research Reactor

Reactor Decommissioning Cost Comparison						
Reactor	D&D Cost	Year of Estimate	2009 D&D Cost (including 25% contingency)	Class 1 Area (ft ²)	Site Area (acre)	Cost per ft ² of Class 1 Floor Area
Site A	\$3,065,000	2000	\$5,936,434	7,241	2.6	\$819.84
Site B	\$3,803,086	2003	\$5,161,696	18,242	1.0	\$282.96
Site C	\$4,209,348	2006	\$4,740,369	7,612	1.0	\$622.75
Average:			\$5,279,499	11,032		\$575
ARRR				4,000	0.9	
			ARR Cost based on Unit ft ² Cost Average:			\$2,300,723.04

Decommissioning estimate \$2,300,000

Present Value (PV) Factor 0.5 2% real rate of return to 2045

Amount needed \$1,150,000 Estimate times PV factor

Amount available initially \$2,000,000 Attached Buyer's commitment

Amount available in 2015 \$3,250,000 Attached Buyer's commitment

Docket No. 50-228
License No. R-98

Attachment 2

X-Ray Industries, Inc. Letter of Commitment



NONDESTRUCTIVE TESTING
X-Ray • Gamma & High Energy Radiography
• Digital Radiography
Magnetic Particle • Liquid Penetrant
Ultrasonic • Eddy Current • High Volume Sorting
Chemical Processing • Metal Finishing

Docket No. 50-228

RE: 10 C.F.R. § 50.80(a)

January 6, 2010

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U.S. Nuclear Regulatory Commission
Washington, D.C. 20555-0001

Aerotest Radiography and Research Reactor
License No. R-98
Buyer Commitment

X-Ray Industries, Inc. ("Buyer") is considering acquiring the ownership of the stock and business of Aerotest Operations, Inc. ("Aerotest") from Autoliv ASP, Inc. (current parent corporation of Aerotest) ("Seller"). A date certain for this transaction has not been determined, although it is expected to occur on or before July 30, 2010. If Buyer acquires Aerotest, Buyer intends to continue operation of the facility in a manner substantially identical to that of the Seller, including all operations subject to Reactor License R-98 (Aerotest Radiography and Research Reactor ("ARRR") License).

Buyer understands that under the terms of the ARRR license, Seller is subject to a number of constraints, conditions, requirements, and commitments. Prior to the acquisition, Seller will remain responsible for compliance with the ARRR license and any violations that occur prior to the effective date of the acquisition. After the effective date of the acquisition, Buyer agrees to abide by all of the constraints, conditions, requirements, and commitments of the ARRR License and any violations that occur after the effective date of the acquisition.

Upon license transfer, Buyer will establish a decommissioning trust fund in the amount of \$2,000,000 consistent with 10 C.F.R. 50.75(e)(1) under terms acceptable to the NRC. A draft of the trust documents will be submitted to the NRC for review at a later date. In addition, Buyer will deposit into this decommissioning trust fund an additional \$250,000 per year derived from revenue from operating ARRR for the first five years of operation after license transfer.

I appreciate your assistance in this matter. Should you have any questions, please feel free to contact me directly.

Sincerely,

Scott W. Thams,
President,
X-Ray Industries, Inc.

cc: U.S. NRC Office of Nuclear Reactor Regulation/NRLPO
U.S. NRC Region IV, Regional Administrator
NRC, NRR (C. Montgomery)
NRC, OGC (C. Safford)

Docket No. 50-228
License No. R-98

Attachment 3

Summary of Relevant Experience of Scott W. Thams
X-Ray Industries, Inc.

A summary of relevant experience for Scott W. Thams as President of Aerotest Inc. on a go forward basis:

Under the new ownership, the President of Aerotest, Inc. will be Scott Thams. Mr. Thams has over 30 years experience in radiation-based technology businesses and is currently President/CEO of X-Ray Industries, Inc. (www.xraindustries.com). He has been actively involved in the design and manufacturing of advanced x-ray inspection systems for many years directing the company's Test Equipment Distributors LLC subsidiary (www.tedndt.com). He currently leads the team that manages several facilities with radiation producing devices including x-ray generators of every type, high energy linear accelerators, Betatron generators, as well as gamma and iridium sources, within the company's X-R-I Testing division (www.xritesting.com). This same division of the company operates an N-Ray beam line for the inspection of aerospace components at the research reactor facility of North Carolina State University in Raleigh North Carolina.

He founded a company in the medical device sterilization business using high energy electrons and has direct experience with shielding design for high radiation areas as a part of his involvement in the design and construction of a dedicated facility for that effort. The facility is currently in operation using a 10 MeV, 20 kW, linear accelerator that was custom designed for the application with Mr. Thams direct input. The facility was subsequently sold to Beam One LLC (www.beam-one.com).

Mr. Thams has the relevant experience to lead the technical team in place currently at Aerotest.