



SHIPPING INTERNATIONAL

17721 Highway 59 North □ Humble, TX 77396

Via FEDERAL EXPRESS_

January 3, 2017

Director, Office of International Programs
U.S. Nuclear Regulatory Commission,
Washington, DC 20555-0001

Re: Reply to Notice of Violation (EA-16-167)

Dear: Sir/Madam:

On behalf of Airgas USA, LLC, successor by merger to Airgas Specialty Gases, Inc. ("Airgas"), and its agent Shipping International, Inc. please accept the attached Reply to Reply to Notice of Violation (EA-16-167).

If you should have any questions with respect to the attached please contact Eric Carroll, Shipping International, eric@shippingintl.com, with copy to John Penland, Dir. Product Procurement, Airgas, John.Penland@Airgas.com.

Thank you for your attention and cooperation.

Sincerely,

Eric Carroll, Shipping International

John Penland, Dir. Product Procurement, Airgas

cc: Peter Habighorst, Chief, Export Controls & Nonproliferation Branch (w/encl.) (via FEDERAL EXPRESS_)

Bill Russo, V. P., Airgas (w/encl.) (via email)

Robert Hecht, Deputy General Counsel, Airgas (w/encl.) (via email)

Airgas Specialty Gases, Inc.

REPLY TO NOTICE OF VIOLATION (EA-16-167)

Introduction & Background

Below is the response of Airgas Specialty Gases, Inc. ("ASG") to the Notice of Violation (EA-16-167) ("NOV") issued by the U.S. Nuclear Regulatory Commission ("NRC") dated December 5, 2016, and the two (2) violations noted therein.

For ease of reading, each Violation cited is repeated below in full as it appeared in the NOV, and the response of ASG immediately follows.

The circumstances giving rise to the asserted violations arise from two separate events. The first was that on April 1, 2016 ASG was merged into an affiliated company, Airgas USA, LLC, with Airgas USA, LLC being the surviving entity. At the time, both ASG and Airgas USA, LLC were subsidiaries of Airgas, Inc., the publically traded parent company.

The second event was on May 23, 2016, Airgas, Inc. and all of its subsidiaries were acquired by L'Air Liquide, S.A. ("Air Liquide")¹. The May 23, 2016 closing of the foregoing occurred following, inter alia, shareholder approval, approval by the U.S. Treasury, Committee on Foreign Investment in the United States (CFIUS) and approval by the U.S. Federal Trade Commission ("FTC"). The last approval obtained was that of the FTC, which was given on Friday, May 13, 2016. The transaction documents required that closing occur within five (5) business days thereafter, on Monday, May 23, 2016.

Violations

Violation A

A. Title 10 of the Code of Federal Regulations (10 CFR) Section 110.50(d) states that a "specific license may be transferred, disposed of or assigned to another person only with the approval of the Commission by license amendment." Section 184 of the Atomic Energy Act (AEA) of 1954, as amended (42 U.S.C. § 2234), states, in part, that no NRC license shall be transferred, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of this Act, and shall give its consent in writing. Contrary to the above, on April 1, 2016, NRC export license XMAT 427 was effectively transferred to another entity without the prior approval of the Commission by license amendment. Specifically, on April 1, 2016, Airgas Specialty Gases ceased to exist and its specific license was effectively transferred to Airgas USA, LLC, without the prior approval of the Commission by a license amendment.

ASG Response

On April 1, 2016 ASG did merge with and into Airgas USA, LLC, with Airgas USA, LLC as the surviving entity. ASG was the holder of NRC Export License XMAT427. The

¹ In the transaction, Air Liquide formed a Delaware acquisition corporation which was merged with and into Airgas, Inc. with Airgas, Inc. surviving the merger. As a result, Airgas, Inc., and its direct and indirect subsidiaries (e.g., including ASG and Airgas USA, LLC), became wholly owned indirect subsidiaries of Air Liquide.

Corrective Measures Completed

No export shipments will take place under License XMAT427 until written approval has been received from the Commission. A completed application has been submitted and is pending before the Commission for review and approval.

Airgas USA, LLC's agent Shipping International advises that it has incorporated into its procedures, according to ISO:9001, to only accept and act upon written approvals from the Commission and follow the strict guidelines of the 10 CFR with special reference to section 110.50 (d) and part 2.390 in accordance with the AGENCY RULES OF PRACTICE AND PROCEDURE along with the Atomic Energy Act (AEA) of 1954 as Amended with special reference to Section 184 for any actions concerning NRC licensing or shipments done within the jurisdiction of the Nuclear Regulatory Commission.

Additional Corrective Actions

As noted, no export shipments will take place under License XMAT427 until written approval has been received from the Commission.

Full Compliance

Airgas USA, LLC will achieve full upon approval of the pending application before the Commission.