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UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 27, 2000

CHAIRMAN

Mr. Paul L. Leventhal, President
Mr. Alan J. Kuperman, Senior Policy Analyst
Nuclear Control Institute
1000 Connecticut Ave., NW
Suite 804
Washington, D.C. 20036

Dear Messrs. Leventhal and Kuperman:

I wish to acknowledge receipt of your letter dated December 17, 1999, expressing concerns about the intentions and actions of MDS Nordion and others following the Commission's memorandum and order authorizing the export of highly enriched uranium (HEU) targets for use in the new MAPLE reactors and processing facility at Chalk River, Ontario, for the production of medical isotopes.

We will forward your letter to Transnuclear, Inc. (as the licensee) and to the Department of State (as the export-licensing point of contact for the Executive Branch) for their information and consideration in the preparation of the reports which they will submit to the NRC prior to the next planned shipment of HEU targets to Canada. We will also send copies of your letter to other organizations which participated in the June 16, 1999 public meeting at the NRC.

In regard to one of your concerns, we have received no request to amend license XSNM3060 to allow HEU to be sent to Canada in one or two large shipments rather than in smaller annual shipments, or to have the HEU exported as metal rather than fabricated targets. Let me assure you that the Commission shares your concern about compliance with the conditions set forth in the export license. The Commission continues to stand behind the terms of the license, and will be diligent in enforcing them.

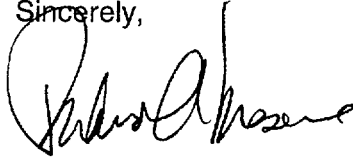
We await with great interest the completion of the feasibility study of possible modifications which might be made prior to start up of the MAPLE reactors and processing facility. The letter of November 4, 1999, from MDS Nordion to the Department of State (which is available to the public), contained the latest information available to us on the status of the study.

Thank you for raising your concerns with us. We will consider them in the context of our annual review of the progress in developing LEU targets, due in June 2000, which will be held prior to the next proposed shipments under export license XSNM3060, and for which Transnuclear, Inc and the Executive Branch are required to submit status reports under the Commission's June 29, 1999, order.

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In the meantime, I believe that a meeting on this subject would be premature and inconclusive. Once we have the reports in hand, the Commission will be in a much better position to judge the sufficiency of the actions and stated intentions of MDS Nordion and the other cooperating organizations relating to U.S. export licensing requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Meserve". The signature is written in a cursive style with a large initial "R" and "M".

Richard A. Meserve