

October 17, 2000

US Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555-0001

Re: Reply to a Notice of Violation, EA-00-227

Dear Sir or Madam:

We are in receipt of Mr. R. W. Borchardt's letter dated October 11, 2000, citing the violation of US NRC Export License XSNM03140, unauthorized export of Australian and Canadian origin material from the US to Spain (Euratom), copy attached.

We have been in discussions with Empresa Nacional del Uranio, S.A. (ENUSA), our client for whom we maintain this license. At the time we filed for the original license to export material, we did not know that United States Enrichment Corp (USEC) might be using material other than US origin. The probability exists that USEC will indeed have to again ship other than US origin material in support of ENUSA's fuel fabrication efforts.

Those other probable origins have been identified. An application for an amendment to the existing license, adding these other origins, will be mailed to the NRC today. A copy of that letter is attached for your reference. We expect this license will be amended prior to the next shipment of material for ENUSA, currently scheduled during the first half of CY 2001.

As noted in your letter to us, this violation is of the lowest security level, with no impact on NRC, or willfulness on our part. We have made USEC aware of their responsibility in compliance with this license. Coupled with our amendment request, we feel that these actions will preclude any recurrence of this violation.

Please contact the undersigned if additional information is needed.

Sincerely,



Blake Williams
Transportation Manager

cc: Mr. R. W. Borchardt, US NRC

JEH



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

October 11, 2000

EA-00-227

Blake Williams
NAC International
655 Engineering Drive, #200
Norcross, Georgia 30092

10/11/00

SUBJECT: NOTICE OF VIOLATION - NAC INTERNATIONAL - UNAUTHORIZED EXPORT OF AUSTRALIAN-ORIGIN AND CANADIAN-ORIGIN MATERIAL FROM THE U.S. TO SPAIN (EURATOM)

Dear Mr. Williams:

This refers to export license XSNM03140, issued to NAC International on April 27, 2000, and information provided to NRC by the Nuclear Materials Management and Safeguards System (NMMSS) on July 12, 2000.

Export license XSNM03140 authorizes the export of 500,000 kilograms of low-enriched uranium for ultimate use in various Spanish nuclear power reactors. In NAC International's initial export license application, dated April 14, 2000, the material was identified as being of United States-origin. The license does not authorize export of Australian-origin and Canadian-origin material. Based on information provided by NMMSS, the NRC has learned that NAC International exported Australian-origin and Canadian-origin material without notifying the NRC Director for Nonproliferation, Exports, and Multilateral Relations in writing at least 40 days prior to the export of the material and without receiving authorization for the export of such material as required.

Based on information provided to NRC by the NMMSS, the NRC has determined that a violation of NRC export regulations has occurred. The violation was evaluated in accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions, May 1, 2000," (Enforcement Policy), NUREG-1600. The current Enforcement Policy is included on the NRC's website at www.nrc.gov/OE. The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described above. In accordance with the Enforcement Policy, NRC assigns severity levels to violations, ranging from severity level I to IV. This violation was determined to be a severity level IV violation, the lowest severity level, since there were no actual or potential safety consequences associated with the violation. In addition, the violation did not significantly impact NRC's ability to carry out its mission nor did it involve willfulness on your part. The violation is being cited in the Notice because you failed to identify the violation. While you have committed to take appropriate corrective action in response to the violation, you have not yet provided NRC with specific information concerning the corrective action.

You are required to respond to this letter and should follow the instructions specified in the enclosed Notice when preparing your response. The NRC will use your response, in part, to determine whether further action is necessary to ensure compliance with regulatory requirements.

B. Williams

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In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room).

Sincerely,



R. W. Borchardt, Director
Office of Enforcement

Docket No. 11005196
License No. XSNM03140

Enclosure: Notice of Violation

cc: J. Dunn Lee, NRC/OIP
R. DeLaBarre, Dept. of State
M. Kaznova, NAC/NMMSS
D. Womack, USEC
R. Goorevich, Dept. of Energy
P. Dedik, Dept. of Energy

NOTICE OF VIOLATION

NAC International
Norcross, GA

Docket No.11005196
License No. XSNM03140
EA-00-227

Based on information provided to NRC by the Nuclear Materials Management and Safeguards System on July 12, 2000, a violation of NRC export regulations was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions, May 1, 2000," NUREG-1600, the violation is listed below:

10 CFR Part 110.50(b)(3) states: "Unless a license specifically authorizes the export of foreign-origin nuclear material or equipment, a licensee shall notify in writing the Director for Nonproliferation, Exports, and Multilateral Relations at least 40 days prior to the export of Australian-origin or Canadian-origin nuclear material or equipment. A licensee may not ship this material or equipment until authorized by the Director for Nonproliferation, Exports, and Multilateral Relations."

Contrary to the above, NAC International exported nuclear material of Australian-origin and Canadian-origin to Spain in May 2000. NAC International did not notify the NRC Director for Nonproliferation, Exports, and Multilateral Relations in writing at least 40 days prior to the export and did not receive approval for the export of this particular material. While NAC International holds export license XSNM03140, the license does not authorize the export of Australian-origin and Canadian-origin nuclear material. NAC International's application for the export license identified the material for export as being of United States-origin.

This is a Severity Level IV violation (Supplement VI).

Pursuant to the provisions of 10 CFR 2.201, NAC International is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555 with a copy to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 2055-0001, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include for the violation: (1) the reason for the violation, or, if contested, the basis for disputing the violation or severity level, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. Where good cause is shown, consideration will be given to extending the response time.

Because your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the public without redaction. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/ADAMS/index.html> (the Public Electronic Reading Room). If personal privacy or proprietary information is necessary to provide an acceptable response, then please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such

information. If you request withholding of such material, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information required by 10 CFR 2.790(b) to support a request for withholding confidential commercial or financial information).

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days.

Dated this 11th day of October 2000



October 17, 2000

Atlanta Corporate Headquarters
655 Engineering Drive
Norcross, Georgia 30092
770-447-1144
Fax 770-447-1797
www.nacintl.com

Ms. Betty Wright
US Nuclear Regulatory Commission
11555 Rockville Pike
One White Flint MS 04 E9
Rockville, MD 20852
301-415-2342

Re: License XSNM03140

Dear Ms. Wright,

NAC International, Inc (NAC) has been contracted by Empresa Nacional del Uranio, S.A. (ENUSA) to maintain their US NRC License to Export Nuclear Material. The original license application lists only US origin material as being exported. The probability exists that material originating from additional countries will be exported in support of ENUSA's fuel manufacturing efforts.

We have been instructed by ENUSA to apply for an amendment to the existing license, listing additional countries as potential origins of the material to be exported. These countries are:

1. Canada
2. Australia
3. Niger
4. Spain
5. German
6. US (additional supplier)
7. Russia
8. South Africa

Full style information on each origin is attached.

NAC formally requests that the US NRC amend license XSNM03140, adding these potential origins. A check for Administrative Fees of \$210.00 is enclosed. Please contact the undersigned should additional information be required.

Thank you.

Sincerely,

Blake Williams
Transportation Manager

Attachments (1)

ST20001259

10.10.00

Country	Full name	Address	Point of contact telephone
Canada	CAMECO Corporation	2121-11 th Street West, Saskatoon Saskatchewan S7M 1J3 Canada	(306) 956 62 00
Australia	ERA Energy Resources of Australia, Ltd.	Level 18, Gateway 1 Macquarie Place Sydney, New South Wales Australia	08) 89 38 12 11
	WESTERN Mining Corp	1 Richmond Road Keswick, South Arustalia 5035 Australia	61 8849 58 200
Niger	COMINAK Compagnie Minière d'Akouta	B.P. 10545 Niamey Niger	73 34 25
Spain	ENUSA INDUSTRIAS AVANZADAS	Santiago Rusiñol, 12 28040 Madrid Spain	34 91 347 42 00
Germany	Nuclear Fuels Corp.	7800 East Dorado Place. Suite 200 Englewood, Colorado 80111 USA	(303) 770 47 01
USA	RIO ALGOM Mining Corp	6305 Waterford Blvd., Suite 325 Oklahoma City, OK 73118 USA	(405) 848 11 90
CIS: Russia	TENEX Techsnabexport	Staromonetnly per., 26 Moscow 109180 Russia	(7-095)239 44 69
South Africa	NUFCOR Nuclear International Ltd.	1 Mitre Square London EC3A 5AN United Kingdom	44 207 337 9700