

SEC

September 6, 1995

Babcock & Wilcox Co.
Naval Nuclear Fuel Division
ATTN: Charlotte M. Carr
Safeguards and Security
P.O. Box 785
Lynchburg, VA 24505-0785

Dear Ms. Carr:

As you are aware, B&W Naval Nuclear Fuel Division recently began receiving High Enriched Uranium (HEU) purchased by the U.S. Government from Kazakhstan in the former Soviet Union. The purchase agreement indicated that the HEU would be subject to international safeguards as administered by the International Atomic Energy Agency (IAEA).

In accordance with the U.S./IAEA Safeguards Agreement, we anticipate that the IAEA will apply safeguards to the HEU at B&W to which it is entitled for verification purposes under 10 CFR Part 75.13. However, since some information concerning quantities of HEU are likely to be classified CONFIDENTIAL National Security Information (NSI), we expect that IAEA inspectors will require access to classified material control and accounting information as well as information related to the location of the HEU.

Therefore, pursuant to 10 CFR Part 95.36, Enclosure 1 is the Disclosure Authorization for the release of NSI to IAEA inspectors identified in Enclosure 2.

In order that arrangements can be made to facilitate compliance with 10 CFR Part 75, the NRC Division of Security should be notified immediately if you believe that IAEA's visit requires access to NSI above the CONFIDENTIAL level.

The IAEA representatives will present credentials as specified in 10 CFR Part 75.7 to confirm their identity. Please notify NRC's Region II office if any individual not identified in Enclosure 2 attempts to gain access to NSI.

4/2

Charlotte M. Carr

-2-

Should you have any questions, please contact Wayne G. Burnside of my staff on (301) 415-2211.

Sincerely,

Original signed by
Richard A. Dopp for

Raymond J. Brady, Director
Division of Security
Office of Administration

Enclosures: As stated

DISTRIBUTION

MC: none
SCF: FAC 5.07.03-1
D/SEC R/F
INFOSEC R/F
T. S. Sherr, NMSS
C. W. Emeigh, NMSS
C. M. Holzle, OGC
D. R. McGuire, Region II
Document Name: KAZAKH

*Coordinated with John Todd, DOE Naval Reactors. Todd has no problem with this as written.

(CIRCLE the "C" to receive a copy of this document without enclosures; CIRCLE the "E" to receive a copy with enclosures)

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DISCLOSURE AUTHORIZATION

In accordance with 10 CFR Part 95.36, the NRC Division of Security hereby authorizes B&W to disclose CONFIDENTIAL NSI (CNSI) in connection with verification visits and inspections pursuant to 10 CFR Part 75.13 and 75.42. The disclosure of CNSI must:

Be identified for release to IAEA under the Reporting Identification Symbol XSO.

Be marked specifically for release to IAEA.

Additionally, B&W is required to:

Maintain records regarding IAEA visits and inspections for five years beyond the date of the visit or inspection. Such records shall specifically identify each document that was released and its date.

Identify the categories of documents that were released to an IAEA representative and the date of the release.

Maintain the NRC Division of Security disclosure authorization for five years beyond the date of the visit or inspection.

Take the necessary measures to preclude access to NSI by participants of other international agreements unless provided for under the terms of a specific agreement.

This disclosure authorization expires upon completion of tasks stipulated in the purchase agreement.

(signed) Richard A. Dopp
for
Raymond J. Brady, Director
Division of Security
Office of Administration