

NORTHROP GRUMMAN

Northrop Grumman Corporation
Shipbuilding

Newport News
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Telephone 757-980 2000

December 12, 2008

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U.S. Nuclear Regulatory Commission
Division of Nuclear Materials Safety
Licensing Assistance Team
475 Allendale Road
King of Prussia, PA 19406

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Subject: Response to U.S. Nuclear Regulatory Commission letter of 25 November 2008, "Proposed Agreement with the Commonwealth of Virginia" and Plans for Possessing both NRC and Commonwealth of Virginia Materials Licenses

Dear Sirs;

Northrop Grumman Shipbuilding, Inc. ("NGSB") is currently the holder of the following licenses and/or approvals issued by the U.S. Nuclear Regulatory Commission ("NRC"):

- (Br 3) - Materials License No. 45-09428-02 [Docket No. 030-06585] / L 09428 03320
- (Br 4) - Materials License No. 45-09428-03 [Docket No. 030-06586] / 03037907 (45-09428-04)

The NRC sent a letter to NGSB dated 25 November 2008 that discussed the proposed Agreement to transfer from the NRC to the Commonwealth of Virginia regulatory authority for certain licenses for byproduct, source, and or special nuclear materials. Virginia is scheduled to become an Agreement State on or about 31 March 2009. Our two NRC materials licenses are included in this transfer of regulatory authority process.

The NRC requested a response in writing within 30 days of the date of this November 25th letter if we desired both NRC and Commonwealth of Virginia licenses to allow continued licensed activities at temporary jobsites in non-Agreement States and areas of Exclusive Federal Jurisdiction within an Agreement State.

For each of our materials licenses, licensed material is used or stored at our facilities located at 4101 Washington Avenue, Newport News, Virginia, and at temporary job sites anywhere in the United States where the U.S. Nuclear Regulatory Commission maintains jurisdiction, including areas of exclusive Federal jurisdiction within Agreement States. Our predominant temporary jobsite locations for licensed operations are onboard pre-commissioned U.S. naval vessels undergoing construction and on commissioned U.S. naval vessels undergoing

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refueling and repair. We may also be required to use licensed sources at temporary work sites at Federal installations (e.g., U.S. naval bases and U.S. naval shipyards) located in Virginia or on commissioned U.S. naval vessels located off shore.

NRC procedure, SA-500: "Jurisdiction Determinations" [ML072610462] dated 25 September 2007 describes jurisdiction determinations between the NRC and Agreement States involving byproduct, source and special nuclear material. Section III.C.1.g states that the Section 274b Agreement, as implemented by Title 10, Code of Federal Regulations, Part 150 ("10 CFR 150"), does not transfer regulatory authority to the States for activities aboard commissioned naval vessels. Administrative letter No. 76-02 [ML063410484], referenced by this procedure, specifically states that "persons working with agreement materials on board U.S. Navy ships are subject to NRC jurisdiction". It further states that a specific NRC license is required if the work cannot be accomplished pursuant to the reciprocity allowance of 10 CFR 150.20.

We have reviewed planned future work involving licensed material at these temporary job locations after Virginia attains Agreement State status. Use of the 10 CFR 150.20 reciprocity allowance will be impractical since this work will continue for greater than 180 days in a calendar year. Therefore, we will need both Commonwealth of Virginia and NRC materials licenses for our continuing operations.

NGSB requests that when our current materials licenses are converted to Commonwealth of Virginia materials licenses, we also maintain NRC materials licenses authorizing licensed activities at temporary job sites in non-Agreement States, Areas of Federal Jurisdiction within Agreement States, and offshore waters. **Our specific requests for the two current NRC materials licenses are:**

1. **NRC Materials License 45-09428-02**: When regulatory authority is transferred to the Commonwealth of Virginia, we request that the current NRC license be amended for use of **all licensed materials currently listed in 45-09428-02** at temporary jobsites only in non-Agreement States, Areas of Federal Jurisdiction within an Agreement State, and offshore waters.

We also request a new license authorizing licensed activities only in the Commonwealth of Virginia for **all licensed materials currently listed in materials license 45-09428-02**, as outlined in the plan in Section 2.b of the 25 November 2008 NRC letter.

2. **NRC Materials License 45-09428-03**: When regulatory authority is transferred to the Commonwealth of Virginia, we request that the current NRC license be amended for use at temporary jobsites only in non-Agreement States, Areas of Federal Jurisdiction within an Agreement State, and offshore waters. We request that this NRC materials license contain all the requirements of our current license, **except that it limits the licensed**

material listed in Item 6 (byproduct, source and/or special nuclear material), Item 7 (chemical and/or physical form), and Item 8 (Maximum amount that licensee may possess at anyone time under this license) to *only* the following items:

6. Byproduct, source, and/or special nuclear material	7. Chemical and/or physical form	8. Maximum amount that licensee may possess at anyone time under this license
B. Cobalt 60	B. Sealed Sources (Isotopes Product Laboratories Model GF-Series; QSA, Inc. Model CKC.P1, CKC.P4; North American Scientific, Inc. Model CAL Series Gamma, Beta, and Wide Area Calibration Standards; International Chemical & Nuclear Corp. Model 375; Nuclear Chicago Corp. Model 187052; Tracerlab, Inc. Model R31-2; and Analytics Inc. Point Source)	B. 2 curies
F. Cesium 137	F. Sealed Sources (Isotopes Product Laboratories Model GF Series; North American Scientific, Inc Model CAL Series Gamma, Beta and Wide Area Calibration Standards)	F. 10 millicuries

We also request a new license authorizing licensed activities only in the Commonwealth of Virginia for **all licensed materials currently listed in materials license 45-09428-03**, in accordance with the plan outlined in Section 2.b of the 25 November 2008 NRC letter.

NGSB will continue its operations under all conditions, requirements, and commitments identified in its NRC licenses, including all safety and control procedures. If there are any questions concerning our response to the 25 November 2008 NRC letter or our plans for possessing, upon the effective date of the Agreement with the Commonwealth of Virginia, both NRC licenses and Commonwealth of Virginia materials licenses for 45-09428-02 and 45-09428-03, please contact the undersigned at 757-688-7124.

Very truly yours,



Ann L. Pharr

Senior Counsel

This is to acknowledge the receipt of your letter / application dated 12/12/2008
and to inform you that your letter / application will be transferred to the
State / Commonwealth of VIRGINIA
~~for technical review on~~ [Signature], in conjunction with the State / Commonwealth
of VIRGINIA becoming an Agreement State on
3/31/2009.

Any questions, please call the State / Commonwealth of
VIRGINIA at 804-868-8168.

Your action has been assigned **Mall Control Number** 143156 (VA Licence)
143155 (NRC App. 45-09423-02)
When calling to inquire about this action, please refer to this control number.

Sincerely,
Licensing Assistance Team Leader