

October 6, 2011

MEMORANDUM TO: R. W. Borchardt
Executive Director for Operations

FROM: Cynthia A. Carpenter, Acting Director */RA RLewis for/*
Office of Federal and State Materials
and Environmental Management Programs

SUBJECT: FINAL RULE: REGULATORY CHANGES TO IMPLEMENT THE
UNITED STATES/AUSTRALIAN AGREEMENT FOR PEACEFUL
NUCLEAR COOPERATION

Enclosed for your signature is a final rule (Enclosure 1) amending the U.S. Nuclear Regulatory Commission (NRC) regulations in Title 10 of the *Code of Federal Regulations* (10 CFR) Part 40 to implement the United States/Australian Agreement for Peaceful Nuclear Cooperation. The Agreement prohibits the United States from using Australian-obligated nuclear material to produce tritium for use in a nuclear explosive device, or for any other "military purpose" as defined in the Agreement. Under the Agreement's terms, the use of Australian-obligated depleted uranium in munitions is prohibited. The rule is being issued as a final rule because it will enable the United States government to meet its obligations under this new Agreement with the Government of Australia.

The amended regulations will maintain safety, protect the environment, and ensure the common defense and security by bolstering United States efforts to strengthen nuclear safeguards and promote the non-proliferation of nuclear weapons. The amended regulations will increase public confidence by providing greater transparency for nuclear activities, while protecting those activities with direct national security significance. The amended regulations will make NRC activities and decisions more effective, efficient, and realistic.

Notices: A notice to the Commission that the Executive Director for Operations has signed the attached *Federal Register* notice is included (Enclosure 2). An Environmental Assessment has been prepared and is included (Enclosure 3). The Approved for Publication page is included (Enclosure 4). The appropriate Congressional committees will be notified.

Resources: Resources to implement this rule have been included in the Fiscal Year 2012 budget request.

CONTACT: Naiem S. Tanious, FSME/DILR
301-415-6103

Coordination: The Offices of International Programs, Administration, Information Services, Enforcement, Nuclear Material Safety and Safeguards, and Nuclear Reactor Regulation concur with these amendments. The Office of the General Counsel has no legal objection. The Office of the Chief Financial Officer has reviewed the final rule for resource implications and has no objection.

Enclosures:

1. *Federal Register* Notice – Final Rule
2. Notice of Final Rule Signed by EDO
3. Environmental Assessment
4. Approved for Publication

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ML112560448/EDATS: FSME-2011-0092

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OFC	OIS	OGC	OE	ADM	NMSS
NAME	RNichols	BJones	RZimmerman	CBladey	CHaney
DATE	7/11/11	9/15/11	7/1/11	3/28/11	6/9/11
OFC	IP	Tech Editor	FSME		
NAME	MDoane	PTressler	CCarpenter (A)		
DATE	7/1/11	9/29/11	10/6/11		

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