

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

DCS / DF02
J. Becker, OGC
G. Sanslow, OROO
B. Stout, MM

November 3, 1989

Mr. James R. Shea
Director of International Programs
United States Nuclear Regulatory Commission
Rockville, Maryland

Dear Mr. Shea:

This letter is in response to the letter from your office dated June 23, 1989, requesting Executive Branch views as to whether issuance of an export license in accordance with the application hereinafter described meets the applicable criteria of the Atomic Energy Act of 1954, as amended by the Nuclear Non-Proliferation Act of 1978. This letter supersedes my letter of October 27, 1989 on this case.

NRC No. XU02681 — Application by Energy Fuels Nuclear, Inc. for authorization to export to Canada 300,000 kilograms of natural uranium in the form of yellowcake for conversion to uranium hexafluoride. Following conversion of the material in Canada part will be re-exported to France for enrichment by EURODIF and the remainder of the material will be returned to the U.S. for enrichment by the Department of Energy. The material enriched by EURODIF will also be returned to the U.S. All of the low enriched uranium produced from this source material will be used in commercial power reactors in the United States.

The proposed export of natural uranium to Canada for conversion to uranium hexafluoride would take place pursuant to the Agreement for Cooperation Between the United States and Canada, as amended, as confirmed in a letter from the Atomic Energy Control Board of Canada, a copy of which is enclosed.

The proposed export of natural uranium to EURATOM would take place pursuant to the Additional Agreement for Cooperation Between the United States and the European Atomic Energy Community (EURATOM) as confirmed in a letter from the Delegation of the Commission of the European Communities, a copy of which is enclosed. EURATOM has adhered to the provisions of its Agreement for Cooperation with the United States.

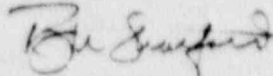
Under Section 17b, Elimination of Duplicative Reviews, of the Amended Procedures Established pursuant to the Nuclear Non-Proliferation Act of 1978, "where a proposed export requires approval for enrichment pursuant to section 402(a) of the NNPA and the proposed export for enrichment is licensed by the Nuclear Regulatory Commission, the Secretary of Energy, with the concurrence of the Secretary of State and having consulted the Director of Arms Control and Disarmament Agency, the Nuclear Regulatory Commission and the Secretary of Defense, hereby approves such enrichment". Thus, a separate approval action of the proposed enrichment abroad under this license request is not required.

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The Executive Branch has reviewed the application and concluded that the requirements of the Atomic Energy Act, as amended, have been met and that the proposed export will not be inimical to the common defense and security of the United States. A detailed analysis for Canada was submitted February 7, 1986. A detailed analysis for EURATOM was submitted January 8, 1986. In view of Executive Order 12670 extending the duration of the period specified in the first proviso to section 126 a(2) of the Atomic Energy Act, as amended, to March 10, 1990, that detailed analysis remains valid. There has been no other material change in circumstances since those submissions.

On the basis of the foregoing, the Executive Branch recommends that the license be issued. Our previous letter on this case was based on the understanding that the applicant sought authorization for export to Canada only to meet an early deadline and that re-export to Europe would be requested later as a subsequent arrangement authorized by the Department of Energy. We now understand that the applicant has made arrangements to ship the material to Canada under an existing license and that clarification of the plans for re-export to Europe for enrichment of a portion of this material enabled the EURATOM Supply Agency to issue the necessary assurance letter.

Sincerely,



Richard J. K. Stratford
Deputy Assistant Secretary
Nuclear Energy & Energy Technology Affairs

Enclosures:

Assurance letters

DELEGATION OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

EURATOM SUPPLY AGENCY

Washington, D.C., November 2, 1989

Mr John M. ROONEY
Acting Director of Politico-Military
Security Affairs
Office of International Security Affairs
US DEPARTMENT OF ENERGY
Forrestal Building - Room 4B014
1000 Independence Ave., S.W.

Washington, D.C. 20585

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RECEIVED

Subject: Application introduced by Energy Fuels Nuclear, Inc.
on June 21, 1989.

Ref.: XUO-8681

Dear Mr Rooney,

We certify that the terms and conditions of the Additional Agreement for Cooperation, dated July 25, 1960, as amended, will apply to the material mentioned in the subject application, namely:
up to 300,000 kgs of uranium

Further, we certify that Eurodif SA/France as ultimate consignee is authorized by Euratom to receive and possess this material pursuant to the aforementioned Agreement for Cooperation.

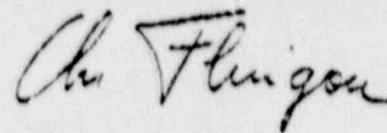
The above material will first be shipped to Cameco/Canada for conversion into UF₆. Then a portion of the UF₆ will be shipped from Canada to Eurodif SA for enrichment and returned to the United States after enrichment.

cc.: Mr Robin DeLaBarre
DEPARTMENT OF STATE

Mrs Betty Wright
US NRC

Mr Byron
Energy Fuels Nuclear, Inc.

Yours sincerely,



CHRISTIANE FLINSOU
NUCLEAR SUPPLY

TRANSMITTED FROM

07.12.89 1 02 P.02



Atomic Energy
Control Board

Commission de contrôle
de l'énergie atomique

Ottawa, Canada
K1P 8S8

DIRECTORATE OF FUEL CYCLE
AND MATERIALS REGULATION

Telephone: (613) 993-0477

16 July 1989

For the same reference

On the same reference

11-2-3

Mr. J.A. Rooney
Chief, Operations Branch
Politico-Military Security
Affairs Division
Department of Energy
Washington, D.C. 20385
U.S.A.

Dear Mr. Rooney:

Reference is made to your letter of 28 June 1989, concerning licence
XU08881.

I confirm that the transfer of the material as identified on the
above-mentioned licence application will be subject to all of the terms and
conditions of the Agreement for Cooperation concerning the Civil Uses of
Atomic Energy between the Government of Canada and the Government of the
United States, and that the ultimate consignee, Cameco, Blind River,
Ontario is authorized to receive and possess the material.

Yours sincerely,

J. Castron
International Safeguards
Safeguards and Security Division

cc : T.A. Hart, DOE

CR/RQ-2066

Canada

Tel/Tel: 993-5771
Fax/Fax: (613) 993-0000
Bury: ASCBREG