

Mr. John Smith
Licensing Officer
Nuclear Plant
P.O. Box 11111-A
Somewhere, SP 00000

SUBJECT: IAEA SELECTION

Dear Mr. Smith:

The purpose of this correspondence is to notify you of the August 29, 2007 selection of a portion of your facility by the International Atomic Energy Agency (IAEA) pursuant to Article 39(b) of the US/IAEA Safeguards Agreement for the application of international safeguards. Specifically, the IAEA has selected the areas that have been designated for the down blending of high enriched uranium associated with the multi-ton project. This material balance area is identified by reporting identification symbol (RIS) of UEH.

In connection with this selection, you are hereby advised of your obligation to comply with the requirements of 10 CFR Part 75 for activities in material balance area UEH. Pursuant to Article 8 of the Agreement, cited above, the U.S. is obligated to provide installation information to the IAEA within 45 days of your selection by the IAEA. The installation information shall be submitted through the completion and submission to us of the attached Design Information Questionnaire as soon as possible.

Pursuant to Article 60(a) of the Agreement, the U.S. is obligated to provide an initial physical inventory listing to the IAEA within 30 days of the end of the month in which the facility is selected (10 CFR 75.32). The initial inventory report is to be submitted on DOE/NRC Form 742C, Physical Inventory Listing (PIL). The PIL may be based on book values and will represent the beginning inventory for a new material balance period effective as of the initial inventory reporting date, August 31, 2007. Although the completed PIL is not required to be dispatched to the IAEA until September 30, 2007, we request that it be provided as soon as possible in order to facilitate the IAEA's initial inventory verification scheduled for the week of 10 CFR 75.34 and 75.36 define the Material Transaction and Material Balance Reports, respectively, that must be completed in the future.

Utilizing the installation information provided pursuant to 10 CFR Part 75.11 and information obtained during site visits, the U.S. and the IAEA will agree on a safeguards arrangement for your facility that will detail how safeguards will be applied. You will have the opportunity to comment on the arrangement before implementation. It is anticipated that the arrangement will be implemented through the issuance of a license amendment or other appropriate means.

With your cooperation, we hope to meet the U.S. obligations under the US/IAEA Safeguards Agreement as efficiently and smoothly as possible.

If you have any questions regarding this matter, please contact Mr. Bruce Moran (301-492-3124) or Mr. Tom Grice (301-492-3131) of the Material Control & Accounting Branch.

Sincerely,

Peter Habighorst, Chief
Fuel Manufacturing Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

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