



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

APR 29 1997

Ogden Environmental & Energy Services
ATTN: Joseph Farrell
1777 Sentry Parkway West
Blue Bell, PA 19422-2223

Dear Mr. Farrell:

Subject: Task Order No. 7 entitled, "Technical Assistance for Kazakstan
MPC&A Development of Regulations for Physical Protection and
Material Control and Accounting" under Contract No. NRC-02-95-009

In accordance with Section G.6(b), of the subject contract, this letter
definitizes the subject task order. This effort shall be performed in
accordance with the enclosed Statement of Work and the contractor's technical
proposal dated February 28, 1997.

Task Order No. 7 shall be in effect from effective date of this task order
through February 28, 1998. The total estimated ceiling for this task order is
\$167,437.36 of which \$158,010.23 represents the estimated costs and \$9,427.13
for fixed fee. The amount obligated for this task order is \$167,437.36.

The accounting data for subject task order is as follows:

B&R No.: 75060815100
Job Code No.: J5118
APPN No.: 31X0200
BOC No.: 252A
Obligated Amt.: \$167,437.36

The following individuals are considered to be essential to the successful
performance of the work hereunder: J. Stewart and J. Hockert.

The contractor agrees that such personnel shall not be removed from the effort
under this task order without compliance with Contract Clause H.2, Key
Personnel.

Your contacts during the course of this task order are:

Technical Matters: Donna Umbel, Project Manager
(301) 415-7819
Mike Warren, Technical Monitor
(301) 415-8098

Contractual Matters: Sharlene McCubbin
Contract Specialist
(301) 415-6565

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The issuance of this task order does not amend any terms or conditions of the
subject contract.

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NRC-02-95-009 PDR





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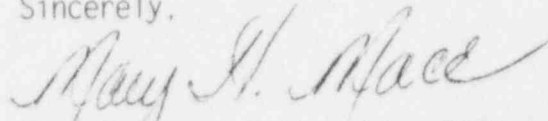
Contractual Matters: Sharlene McCubbin
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The issuance of this task order does not amend any terms or conditions of the
subject contract.

Please indicate your acceptance of this task order by having an official, authorized to bind your organization, execute three copies of this document in the space provided and return two copies to the U.S. Nuclear Regulatory Commission, ATTN: Sharlene McCubbin, Division of Contracts and Property Management, M/S T-7-I-2, Washington, D.C. 20555. You should retain the third copy for your records.

Should you have any questions concerning this letter, please contact Sharlene McCubbin, Contract Specialist, on (301) 415-6565.

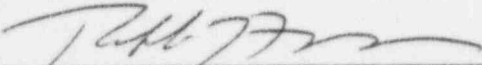
Sincerely,



Mary H. Mace, Contracting Officer
Technical Acquisition Branch No. 1
Division of Contracts and
Property Management
Office of Administration

Enclosure:
As stated

ACCEPTED: T.O. No. 7



NAME Robert J. Feighury

Director, Federal Contracts Administration
TITLE

5/1/97
DATE

STATEMENT OF WORK
FOR
TECHNICAL ASSISTANCE FOR KAZAKSTAN MPC&A DEVELOPMENT OF
REGULATIONS FOR PHYSICAL PROTECTION AND MATERIAL CONTROL AND
ACCOUNTING (MC&A)

1.0 BACKGROUND

Under the aegis of the U.S. initiative for nuclear weapons safety, security, and dismantlement known as the Comprehensive Threat Reduction (CTR) Program, the U.S. Department of Energy (DOE) and the U.S. Nuclear Regulatory Commission (NRC) are engaged in establishing bilateral technical assistance programs with Kazakhstan in the nuclear material safeguards areas of MC&A and physical protection. The objective of U.S. assistance is to help Kazakhstan improve its capabilities to effectively safeguard nuclear material. The assistance will be carried out under a bilateral agreement for cooperation, and it is supported by funds authorized by Congress in the Soviet Nuclear Threat Reduction Act of 1991 (Nunn-Lugar) and successor legislation such as the Freedom Support Act of 1992.

Regulatory programs for safeguarding nuclear material in the FSU are virtually nonexistent. The ATOMIC ENERGY AGENCY OF THE REPUBLIC OF KAZAKSTAN (AEARK) has been established as an independent authority for overseeing Kazakhstan nuclear safety and safeguards programs. AEARK has acknowledged serious deficiencies in staffing and technical resources, and it has expressed strong interest in U.S. assistance. Effective MC&A and physical protection are critical to safeguarding strategic nuclear materials in support of nonproliferation goals. In the interest of nonproliferation, improvements are needed in national regulatory oversight to ensure nuclear materials in Kazakhstan are effectively protected.

The U.S. and Kazakhstan signed an Agreement in September 1993 for joint cooperation in MC&A and Physical Protection using Nunn-Lugar funds under the CTR program. A Kazakhstan Project Plan has been developed and approved which contains certain proposed projects to be carried out in cooperation with AEARK and other agencies and subject to the approval of Kazakhstan's Nuclear Energy Law.

2.0 OBJECTIVE

The objective of this project is to develop a draft regulatory outline and subsequent regulatory technical requirements utilizing comparison's with NRC regulations and IAEA international recommendations.

3.0 TECHNICAL AND OTHER SPECIAL QUALIFICATIONS REQUIRED

Experience with NRC MC&A and Physical Protection regulations, International Atomic Energy Agency (IAEA) recommendations, and familiarity with the associated regulatory documents, 10 CFR Parts

2, 10, 11, 50, 70, 73, 74, 75 and 95, IAEA'S INFORMATION CIRCULAR 225, State System of Accounting and Control (SSAC) and IAEA/INF/SG/2.

4.0 LEVEL OF EFFORT

It is estimated that this task will take approximately .5 FTE to complete.

5.0 PERIOD OF PERFORMANCE

The period of performance for the work specified in this task order shall commence on the effective date of the task and continue for approximately 9 months from that date.

6.0 SCOPE OF WORK

The objective of this task is the development of implementing regulations for MC&A and Physical Protection. Temporary provisions have been developed for MC&A and Physical Protection pending the enactment of Kazakhstan's nuclear law. It is anticipated that the legislation will include a provision which sets an expectation for AEARK to have in place permanent safeguards regulations. To meet such a legislative requirement, the contractor shall initiate the development of a safeguards regulatory structure, including an initial outline of the general provisions, that would be addressed within this structure. The regulatory outline structure shall be provided as a draft within four weeks from award of the task.

These regulations shall consider the types of facilities which Kazakhstan operates, Category 1 and 3, bulk HEU, and research reactor nuclear facilities. In addition to identifying protective practices for theft and diversion, consideration shall be given to identifying protective practices for radiological sabotage which could impact one of the sites. The specific regulatory technical requirements shall be developed to reflect the most current and effectively utilized NRC requirements and international recommendations and include any additional requirements which the contractor and NRC deems necessary. The draft regulatory technical requirements shall be provided as a draft within two months from award of the task. All supporting documentation and site specific information will be transmitted to the contractor by the NRC Technical Monitor (TM) in support of this effort (i.e., inspection procedures, NRC regulations, site specific technical information relating to physical protection and material control and accounting). Any additional lines of inquiry relating to Kazakhstan laws, agencies or nuclear facilities may be transmitted to the TM who will forward the request to the appropriate Kazakhstan contact.

The regulatory areas for MC&A and Physical Protection shall cover, but not be limited to, the following:

MC&A

- * GENERAL PROVISIONS
- * GENERAL REPORTING
- * SPECIAL NUCLEAR MATERIAL OF LOW STRATEGIC SIGNIFICANCE
- * SPECIAL NUCLEAR MATERIAL OF MODERATE STRATEGIC SIGNIFICANCE
- * FORMULA QUANTITIES OF STRATEGIC SPECIAL NUCLEAR MATERIAL
- * ENFORCEMENT

PHYSICAL PROTECTION

- * GENERAL PROVISIONS
- * PHYSICAL PROTECTION OF SPECIAL NUCLEAR MATERIAL IN TRANSIT
- * PHYSICAL PROTECTION REQUIREMENTS AT FIXED SITES
- * PHYSICAL PROTECTION OF SPECIAL NUCLEAR MATERIAL OF MODERATE AND LOW STRATEGIC SIGNIFICANCE
- * RECORDS AND REPORTS
- * ENFORCEMENT

The Contractor shall review subject material provided by the TM for developing the initial draft outline and subsequent technical requirements. These materials may be supplemented with additional materials, as appropriate and in coordination with the TM, from the Contractor or other sources. The materials supplied by the TM will include a draft project outline and time schedule to be provided upon task execution. Also, the Contractor shall provide a representative familiar with NRC regulations to assist NRC in consultations with Kazakhstan, site visits, and an annual working group meeting.

7.0 MEETINGS AND TRAVEL

It is anticipated that one trip/one to two persons to Kazakhstan will be required (for pricing purposes, assume two persons) to accompany NRC to Kazakhstan to take part in a technical working group which will address current and/or future projects for Kazakhstan and may include site visits.

Any additional travel under this TO shall be approved in writing by the NMSS PO in advance. All such travel shall result in a trip report, which may be issued separately or as part of the next monthly letter status report. Copies of separately issued trip reports shall be submitted in accordance within 15 days of the completion of the travel.

8.0 NRC-FURNISHED MATERIAL

Inspection procedures, NRC regulations, site specific technical information relating to physical protection and material control and accounting will be provided at the contractor's request.

9.0 DELIVERABLE PRODUCTS/SCHEDULE

This task shall be completed according to the following schedule:

Draft Regulatory Outline Structure/Task Execution + 4 weeks.
Draft Regulatory Technical Requirements/Task Execution + 2 months.
Participate in Technical Working Group Meeting/Site Visits/Travel
Initiation + 1 week.

10.0 TECHNICAL DIRECTION

Michael Warren is designated as the Technical Monitor of this contract. He is responsible for providing technical guidance to the contractor regarding staff interpretations of the technical aspects of regulatory requirements along with copies of relevant documents (e.g. Regulatory Guides) when requested by the contractor. All work products must be reviewed and approved by the TM before they are submitted as final documents. All technical direction given to the contractor shall be consistent with the work scope and schedule. The TM is not authorized to unilaterally make changes to the approved work scope or schedule or give the contractor any direction that would increase costs over approved levels.