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KYRA PHILLIPS, CNN ANCHOR: The so-called Axis of Evil nation and nukes: are they weapons or power plants?

The Iranians are rejecting American suggestions that they are developing nuclear weapons and say all their nuclear plants are open to international inspection.

Our David Ensor has more.

(BEGIN VIDEOTAPE)

DAVID ENSOR, CNN CORRESPONDENT (voice-over): Based on satellite photos like these, senior U.S. officials tell CNN they are convinced Iran is constructing large nuclear facilities which could be used to produce material for nuclear weapons.

U.S. officials tell CNN these commercial satellite photos, taken in September, show a nuclear facility near the town of Natanz and another near Arak, which no inspector from the International Atomic Energy Agency has been able to visit.

Both U.S. officials and outside experts like David Albright, whose group first identified the photos, say the size and secrecy of the construction to date are of special concern.

DAVID ALBRIGHT, INSTITUTE FOR SCIENCE & INTL. SECURITY: Iran looks like it's building very large nuclear facilities that could be part of effort to make the material you need to make nuclear weapons.

ENSOR: The satellite picture of the facility near Iraq causes particular concern for nuclear experts.

COREY HINDERSTEIN, INSTITUTE FOR SCIENCE & INTL. SECURITY: And this is a heavy water plant. It's very similar to other heavy water plants we've seen in areas such as Pakistan, and the important facility here is this kind of Z-shaped structure.

ENSOR: The large facility at Natanz appears to U.S. intelligence officials to be a uranium enrichment plant. Outside experts agree.

HINDERSTEIN: We believe that this is a uranium enrichment facility and could be a centrifuge facility.

ENSOR: But Iran has a publicly declared nuclear program it will share, designed, says its ambassador to the United Nations, only to produce

peaceful nuclear power, electricity.

JAYAD ZARIF, IRANIAN AMBASSADOR TO THE U.N.: I can categorically tell you that Iran does not have a nuclear weapons program.

ENSOR: Ambassador Zarif was not specific about the facilities at Arak and Natanz, except to say this.

ZARIF: Any facility that we have in Iran, including -- I haven't seen your satellite photograph, but including any satellite photographs of any facility that you may have, if it is dealing with nuclear technology, it is within the purview of our peaceful nuclear energy program.

ENSOR: At the International Atomic Energy Agency in Vienna, a spokesman confirms the agency is seeking access to the two sites, and has so far been put off by Iran. Although a trip is under discussion for February.

IAEA officials point out that, so far at least, nothing that Iran has known to have done has violated international law.

Iranian officials say the U.S. cannot be trusted on the subject of their nuclear programs, since the United States does not want Iran to have a nuclear program, not even one for civilian energy use.

But knowledgeable U.S. officials say the size and type of construction they are seeing in Iran lead them to suspect that Iran may be on course towards nuclear weapons.

David Ensor, CNN, Washington.

(END VIDEOTAPE)

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