October 27, 2004

MEMORANDUM TO: Joseph G. Giitter, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Timothy C. Johnson /RA/
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: OCTOBER 21, 2004, MEETING SUMMARY: LOUISIANA ENERGY SERVICES QUARTERLY MANAGEMENT MEETING

On October 21, 2004, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project proposed to be located in Eunice, New Mexico. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Attachment: Louisiana Energy Services
Meeting Summary

cc:
William Szymanski/DOE
Monty Newman/Hobbs
Peter Miner/USEC
Glen Hackler/Andrews
Dennis Holmberg/Lea County
Michael Marriotte/NIRS
Derrith Watchman-Moore/NM
Tannis Fox/NMED
Lindsay Lovejoy/NIRS
Claydean Claiborne/Jal
James Curtiss/W&S
Betty Richman/Tatum
William Floyd/New Mexico
Richard Ratliff/Texas
Jerry Clift/Hartsville
Joseph Malherek/PC
Patricia Madrid/NMAG
Rod Krich/LES
Troy Harris/Lovington
James Ferland/LES
James Brown/Eunice
Lee Cheney/CNIC
CO'Claire/Ohio
Ron Curry/NMED
Glen Smith/NMAG

MEMORANDUM TO: Joseph G. Giitter, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Timothy C. Johnson /RA/
Senior Project Manager
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: OCTOBER 21, 2004, MEETING SUMMARY: LOUISIANA ENERGY SERVICES QUARTERLY MANAGEMENT MEETING

On October 21, 2004, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project proposed to be located in Eunice, New Mexico. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Attachment: Louisiana Energy Services
Meeting Summary

cc:
William Szymanski/DOE
Monty Newman/Hobbs
Peter Miner/USEC
Glen Hackler/Andrews
Dennis Holmberg/Lea County
Michael Marriotte/NIRS
Derrith Watchman-Moore/NM
Tannis Fox/NMED
Lindsay Lovejoy/NIRS
Claydean Claiborne/Jal
James Curtiss/W&S
Betty Richman/Tatum
William Floyd/New Mexico
Richard Ratliff/Texas
Jerry Clift/Hartsville
Joseph Malherek/PC
Patricia Madrid/NMAG
Rod Krich/LES
Troy Harris/Lovington
James Ferland/LES
James Brown/Eunice
Lee Cheney/CNIC
CO'Claire/Ohio
Ron Curry/NMED
Glen Smith/NMAG

DISTRIBUTION: Docket: 70-3103

NMSS r/f
MFederline/NMSS
JGiitter
ACoggins/OGC
JPark/DWM
DMcIntyre/OPA
DSeymour/RegII
VMitlyng/RegIII
FCSS r/f
MVirgilio/DEDO
YFaraz
MGalloway
SFlanders/DWM
RVirgilio/OSTP
JHenson/RegII
DHartland/Reg III
SPB r/f
RPierson
SSteele
JDavis/DWM
KEverly/NSIR
TCombs/OCA
RHannah/RegII
WMaier/RegIV
JStrosnider/NMSS
JHolonich
LClark/OGC
ABradford/DWM
SGagner/OPA
DAyres/Reg II
KClark/RegII
RTrojanowski/RegII
Hearing file
LES Website-YES

ML043000090 (Package) **ML043000098** (Memo) **ML043020204** (Attachments)

C = COVER **E = COVER & ENCLOSURE** **N = NO COPY**

OFC	GCFLS		GCFLS		GCFLS	
NAME	TCJohnson:os		LMarshall for		BSmith	
DATE	10/26 /04		10/27/04		10/27/04	

OFFICIAL RECORD COPY

Summary of
Louisiana Energy Services Quarterly Management Meeting

Dates: October 21, 2004

Place: U.S. Nuclear Regulatory Commission (NRC) offices
Rockville, MD

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss project management issues applicable to the proposed Louisiana Energy Services (LES) gas centrifuge uranium enrichment plant project. The meeting agenda is in Attachment 2.

Discussion:

After introductions, Mr. Robert Pierson opened the discussion by stating that the licensing schedule is an aggressive one. He indicated that Revision 3 of the application had been submitted and that this revision included the separation of the Integrated Safety Analysis (ISA) from the rest of the application. He also stated that our current schedule is to prepare the safety evaluation report by June 2005.

Mr. Brian Smith then discussed the current licensing status of the project stating that the project is currently on schedule. Mr. Smith indicated that LES has been responsive to NRC Requests for Additional Information (RAIs) and in requests to further clarify submitted information.

Mr. Smith indicated that the primary technical issues remaining are as follows:

1. Criticality safety. NRC recently received information submitted on LES' safe-by-design analyses and this information is currently being reviewed by NRC staff.

2. ISA separation. LES submitted Revision 3 to the application, which included a separate document containing the ISA. The new submittal is under review by NRC staff.

3. Decommissioning funding plan. NRC staff issued a set of RAIs on decommissioning funding on October 20, 2004, requesting a response within 30 days.

4. Chemical exposure limits. Limits for chemical exposures were recently discussed with U.S. Environmental Protection Agency staff. Staff is planning to discuss these limits further with LES in a conference call during the week of October 25, 2004.

5. Instrumentation and controls (I&C). In a conference call held on October 21, 2004, NRC staff and LES staff agreed to further commitments to industry I&C standards. These commitments should resolve the technical issues in this area.

6. Seismic effects on worker safety. NRC staff and LES staff plan to discuss how worker safety is protected during seismic events in a conference call to be held during the week of October 25, 2004.

7. Foreign Ownership, Control, or Influence (FOCI). The U.S. Department of Energy (DOE) is reviewing the information submitted in the area of FOCI. NRC staff and LES staff will set up a meeting to further discuss and clarify any additional information that may be needed to support the DOE review.

Anna Bradford discussed the status of the Environmental Impact Statement (EIS) preparation. She indicated that a public meeting to take comments on the draft EIS was held on October 14, 2004. She stated that no written comments have yet been submitted. The deadline for submitting comments is November 6, 2004. The EIS team is scheduled to complete the final EIS by June 2005. Ms. Bradford also indicated that the cultural survey agreement is scheduled to be provided to each of the parties for comment during the week of October 25, 2004.

Lisa Clark discussed the status of the hearing and late-filed contentions that were just received. She also stated that the hearing was proceeding in accordance with the hearing board's schedule.

Mr. James Ferland, President and Chief Executive Officer of LES, then discussed the project from the LES perspective (see Attachment 3). He stated that he appreciates the effort of the EIS team and the early publication of the draft EIS. He also committed to be responsive to further requests from NRC staff.

Regarding the open technical issues, Mr. Ferland stated that its submittal of criticality safety information was consistent with the commitments it made to NRC staff. He also indicated that a face-to-face meeting on the FOCI issue would be preferable to bring resolution to any open issues in this area.

Mr. Ferland mentioned the recent NRC policy change to remove the emergency plan as a publically available document. He asked if LES should pull back copies it had provided to others. NRC staff indicated that they would respond to this concern when it has further policy guidance.

Mr. Ferland indicated that the architect-engineer (AE) for the project has been selected, but the contract has not yet been signed. The AE should begin work in January 2005 after resolution of a liability issue. LES also plans to have its civil and structural design complete by December 2005 and its contracts in-place by the time the license is issued. By December 2005, the mechanical and electrical designs should be 30 percent complete. Mr. Ferland also indicated that he wants to begin early coordination with the NRC inspection staff on the mandatory inspection to be conducted prior to operations. He stated that the construction start date has been moved up the end of Summer 2006.

Michael Lynch was recently named as the project manager for the facility. Previously, he managed the construction of the SP5 plant in Almelo, The Netherlands. He will be responsible for coordinating the work of the AE and the Urenco technology company.

Regarding the draft EIS meeting, Mr. Ferland indicated that he was happy with the meeting and that the NRC staff provided good presentations that were crisp and pertinent.

Mr. Ferland stated that on October 18, 2004, it held a meeting in Eunice, NM, with U.S. Senators, the local U.S. Representative, local leaders, and customers. He said that there is strong support for the project and the project is being closely observed by utilities. So far the project has received strong, positive feedback from utility customers.

Action Items

1. NRC staff to provide guidance on retrieving Emergency Plans from the public.

2. NRC staff to initiate discussions on construction inspection and readiness review inspection planning.

Attachments

1. Attendee list
2. Meeting agenda
3. LES presentation handouts