



FEB 16 2007

NEF-07-00015-NRC

ATTN: Document Control Desk
Director
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
11555 Rockville Pike
Rockville, MD 20852

Louisiana Energy Services
National Enrichment Facility
NRC Docket No. 70-3103

Subject: Reply to a Notice of Violation
70-3103/2006-001-01

Reference: Letter from M. S. Lesser, NRC to J. Swailes, NEF dated January 19, 2007
transmitting NRC Inspection Report No. 70-3103/2006-001 and Notice of Violation

The referenced letter transmitted the results of your inspection of the implementation of the National Enrichment Facility (NEF) Quality Assurance Program and associated construction activities. The inspection resulted in issuance of Notice of Violation (NOV) 70-3103/2006-001-01 for not implementing ASME NQA-1-1994 as enumerated in the referenced NRC Inspection Report.

Louisiana Energy Services (LES) NEF agrees that a violation occurred as described in the referenced Inspection Report.

The specific examples of inadequate implementation of ASME NQA-1 cited in the NOV combined with subsequent (LES) internal assessments of the circumstances and conditions leading to the violation have resulted in a re-examination of our readiness to begin Quality Level 1 field work. Quality Level 1 backfill on site was placed on hold following the NRC exit meeting. Other ongoing investigations include an evaluation of the implementation of quality related activities in areas beyond the scope of backfill.

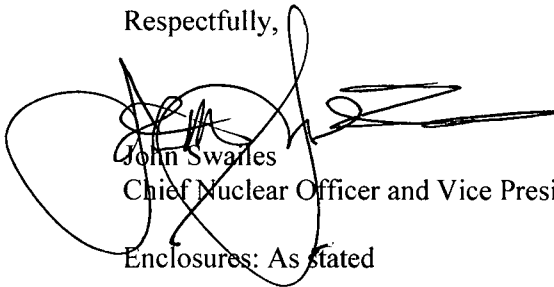
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The conclusion of these investigations and analyses is critical to our understanding of the causes of the issues identified in the NOV. LES NEF is requesting a 90 day extension for final NOV response to allow adequate time to complete the necessary root cause investigation and ensure actions to prevent recurrence are fully identified.

A preliminary response to the Notice of Violation is attached to this letter, providing information related to the investigations and analyses complete and currently underway. To the extent possible, the attachment also addresses the reason for the violation, corrective steps taken and results achieved, steps taken to prevent future violations, and the date when full compliance will be achieved.

If you have any questions please contact Karl Gross, Licensing Manager at 505-394-4646.

Respectfully,



John Swarles
Chief Nuclear Officer and Vice President of Operations

Enclosures: As stated

cc:

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**Louisiana Energy Services (LES)
National Enrichment Facility (NEF)
Reply to a Notice of Violation 70-3103/2006-001
Failure to Fully Implement NQA-1**

I. Reason for the Violation

LES NEF agrees that a violation occurred as described in Inspection Report 70-3103/2006-001.

The root cause analysis for failure to fully implement ASME NQA-1-1994 as described in the Notice of Violation is not yet complete. Preliminary insights from the ongoing root cause evaluation indicate that both LES and the Construction Management Contractor conducted only limited confirmation of actual contract personnel work abilities (e.g., performance demonstrations) prior to initiation of this first Quality Level 1 backfill activity.

II. Corrective Steps That Have Been Taken and the Results Achieved

Immediate actions have been taken to achieve compliance in the areas cited in the NOV. On site Quality Level 1 backfill work was placed on hold after the inspection results were communicated to LES management during the NRC exit meeting. Actions to address the specific examples listed in the Notice of Violation are being identified and implemented in accordance with the Construction Management Contractor and LES Corrective Action Programs.

III. Corrective Steps That Will Be Taken To Avoid Further Violations

The root cause analyses of the activities and conditions identified during the inspection by both LES and the Construction Management Contractor are ongoing. The analyses are being performed to identify the causes of the specific conditions identified as well as the root cause. The investigations and analyses include consideration of conditions identified before and after the inspection that could have implications thereto. The corrective measures to prevent further violations will be developed following the completion of these efforts. The actions noted below, resulting from preliminary insights, will be taken to avoid further violations. Additional actions will be noted pending results of the final root cause analyses.

- Six additional individuals have been added to the LES Quality Assurance organization. These individuals were hired to provide additional resources for use in assuring conformance with the QAPD, including assisting in the conduct and resolution of issues that are identified during the root cause analysis.
- The Construction Management Contractor has initiated a comprehensive review of their procedures, training and staffing and control of contractors. Actions are being proposed based on this review, and verified by LES, to ensure improved control of Quality Level 1 construction activities will result.
- Construction oversight will be issued and work release procedures will be revised. Additional staff will be acquired to implement these expanded formal control mechanisms on future construction activities.

- A mandatory demonstration by qualified staff using issued work plans and procedures will be performed prior to resumption of Quality Level 1 backfill work.

IV. Date When Full Compliance Will Be Achieved

Quality Level 1 backfill work, which was the subject of the inspection, was placed on hold on December 15, 2006. No other Quality Level 1 field work is ongoing at this time. Quality Level 1 field work will not recommence until the portions of NQA-1 that are applicable are in place. While this restores compliance, we are continuing to investigate the extent of the condition as it may apply to other LES or subcontractor activities.