

June 20, 2007

MEMORANDUM TO: Gary Janosko, Deputy Director
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Enrichment and Conversion Branch
Division of Fuel Cycle Safety
and Safeguards

FROM: Timothy C. Johnson, Senior Project Manager /RA, by B. Smith for/
Enrichment and Conversion Branch
Division of Fuel Cycle Safety
and Safeguards

SUBJECT: JUNE 11, 2007, MEETING SUMMARY: LOUISIANA ENERGY
SERVICES MANAGEMENT MEETING

On June 11, 2007, U.S. Nuclear Regulatory Commission staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project in Lea County, New Mexico. I am enclosing the meeting summary for your use. This summary contains no proprietary or classified information.

Docket No.: 70-3103
License No.: SNM-2010

Enclosure: Louisiana Energy Services
Meeting Summary

cc:	William Szymanski/DOE	Fred Seifts/Jal	Steve Cownes/LES
	Monty Newman/Hobbs	David Trujillo/Lovington	James Curtiss/W&S
	Reinhard Hinterreither/LES	Peter Miner/USEC	Betty Richman/Tatum
	Glen Hackler/Andrews	Cindy Padilla/NMED	Matt White/Eunice
	Lue Ethridge/Lea County	Richard Ratliff/Texas	Lee Cheney/CNIC
	Michael Marriotte/NIRS	CO'Claire/Ohio	John Parker/NMED
	Derrith Watchman-Moore/NM	Joseph Malherek/PC	Ron Curry/NMED
	Tannis Fox/NMED	Patricia Madrid/NMAG	Glen Smith/NMAG
	Lindsay Lovejoy/NIRS	Roger Mulder/Texas	John Swailes/LES

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SBagley/NSIR	Hearing file	LES Website-YES	

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OFC	ECB	ECB	ECB
NAME	TCJohnson	LWilliamson	BSmith
DATE	6/14/07	6/15/07	6/20/07

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Summary of
Louisiana Energy Services Management Meeting

Date: June 11, 2007

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:

Mr. Michael Weber, Director of the Office of Nuclear Material Safety and Safeguards, began the meeting by providing opening remarks stating that he appreciated the cooperative efforts of LES and Nuclear Regulatory Commission (NRC) staffs. Mr. Reinhard Hinterreither also provided opening remarks stating that LES is making progress in site construction and has modified some of its building designs by consolidating areas that use radioactive materials. These design changes will result in significant construction cost savings.

Mr. Brian Smith then discussed the current licensing status of the project. He stated that, since the last management meeting, the staff issued Amendment 1 to the LES license that included changes in the partnership agreement; changes to the organization; changes in foreign ownership, control, and influence documents; and our review of the 10 CFR 70.72 changes. He also discussed the issuance of three Orders addressing additional security measures and fingerprinting requirements. Mr. Smith also stated that NRC staff was currently on-site conducting an inspection related to LES' request for a facility clearance permit.

Ms. Margaret Bupp discussed the hearing status and stated that NRC had submitted its response brief to the Nuclear Information Resource Service and Public Citizen (NIRS/PC) petition to appeal the Atomic Safety and Licensing Board and Commission's decisions on the licensing of the LES facility. She stated that NIRS/PC is scheduled to provide its response brief at the end of June. Following the NIRS/PC reply, the appeals court will then prepare a hearing schedule.

Ms. Deborah Seymour from Region II discussed the current inspection plans for the facility. She stated that NRC inspections are currently scheduled for the week of July 9, 2007, and the end of July. These inspections will focus on backfilling operations and quality assurance. Ms. Seymour requested that LES provide a construction schedule so that inspections can be scheduled.

Mr. Tim Johnson provided an overview of activities in the security area. He stated that the Quadripartite Working Group (QWG) met on June 5, 2007, at NRC offices and discussed activities involving classified information technology and transportation security. He also

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stated that staff is working on an Order and an interagency agreement with the U.S. Department of Energy on classified information and has provided comments to the QWG on the classified matter transportation plan.

Mr. Reinhard Hinterreither then discussed the project from the LES perspective (see Attachment 3). Mr. Hinterreither provided information on the status of the NIRS/PC appeal and an appeal by Citizens for Alternatives to Radioactive Dumping (CARD) on the State of New Mexico ground water discharge permit. A decision on the CARD appeal is scheduled to be made early in 2008. He also discussed project hiring. There are now 130 LES employees and a total of over 500 people including contractor staff.

LES staff then discussed its current construction activities, including backfilling and qualification of the concrete batch plant, initial site preparation, site utility service and electrical distribution activities, and building design changes. Design changes include redesign of the Centrifuge Assembly Building to move the hot testing area so that the building can be constructed using Quality Assurance (QA) Level 3 requirements. The Technical Support Building has also been redesigned as a QA Level 3 structure. Radioactive activities will be moved to the Cylinder Receipt and Dispatch Building, which is a QA Level 1 structure. These redesigns are currently going through the 10 CFR 70.72 change process and may require a license amendment.

LES staff discussed the operations organization and the coordination needed to transition from construction to operations organization control. Operator training began in the fall of 2006 at the New Mexico Junior College. A second class of operator training will start this month. LES plans to send some operators for training at Urenco's operating facility in Almelo, The Netherlands, later this month, and another group in September 2007.

Since the issuance of the license, the Safety Review Committee has met about 50 times addressing design changes and the development of project procedures. LES staff has also begun discussions with local community emergency services and coordination of emergency plan activities.

Mr. Jim Gearhart discussed construction QA activities and audits. He said that LES has not lifted the stop on QA Level 1 backfilling work, but expects that this work will start later this month. QA activities are also continuing for contractor design and procurement in addition to construction oversight.

Mr. Hinterreither concluded by stating he appreciated the good cooperation and communications between LES and NRC staffs.

NRC and LES agreed that the next management meeting would be held in six months. However, any immediate management issues can be raised at any time.

Action Items

1. LES to provide construction schedule to Region II.

Attachments

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