



Nuclear Fuel Services, Inc.
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(423) 743-9141

DHL

21G-07-0114
GOV-01-55-04
ACF-07-0270

September 13, 2007

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555

References: 1) Docket No. 70-143; SNM License 124
2) NRC Inspection Report No. 70-143/2007-005 and Notice of Violation, dated August 27, 2007

Subject: Reply to Notice of Violation No. 70-143/2007-005-01

Dear Sir:

Pursuant to the requirements of 10 CFR 2.201, Nuclear Fuel Services, Inc. (NFS) hereby submits the attached response to the violation identified in the referenced NRC inspection report.

If you or your staff have any questions, require additional information, or wish to discuss this matter further, please contact me or Mr. Rik Droke, Licensing and Compliance Director, at (423) 743-1741. Please reference our unique document identification number (21G-07-0114) in any correspondence concerning this letter.

Sincerely,
NUCLEAR FUEL SERVICES, INC.

B. Marie Moore
Vice President, Safety & Regulatory

Attachment

JE07

NHSS

cc: Regional Administrator
U.S. Nuclear Regulatory Commission
Region II
Atlanta Federal Center
61 Forsyth Street, SW
Suite 23T85
Atlanta, Georgia 30303

Mr. Manuel Crespo
Project Inspector
U.S. Nuclear Regulatory Commission
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Mr. Stephen Burris
Senior Resident Inspector
U.S. Nuclear Regulatory Commission

ATTACHMENT

**NFS Reply to Notice of Violation
No. 70-143/2007-005-01**

Restatement of Violation

During an NRC inspection conducted from June 18, through June 22, 2007, a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

Safety Condition S-1 of Special Nuclear Materials License No. SNM-124, authorizes the use of licensed materials in accordance with the statements, representations, and conditions in the License Application and Supplements.

Section 2.7 of the License Application, "Procedures," requires SNM operations and safety function activities to be conducted in accordance with written procedures.

Section 5.2 of procedure NFS-DC-027, Revision 3, "Quality Assurance Plan For Environmental Sampling Projects," states "all samples will be collected, controlled, and analyzed in accordance with written instructions as defined in workplans, procedures, special work instructions and/or letter of authorizations."

Contrary to the above, on June 20, 2007, environmental samples were not being collected and controlled in accordance with written instructions as defined in workplans, procedures, special work instructions and/or letter of authorizations. No NFS approved procedures were in use or available for the final status survey samples pulled for the remediated North Site.

This is a Severity Level IV violation (Supplement VI).

The Reason for the Violation, or, if Contested, the Basis for Disputing the Violation or Severity Level

Nuclear Fuel Services, Inc. (NFS) had contracted the work and was using the contractor's Characterization Plan instead of NFS-approved procedures and workplans.*

The Corrective Steps That Have Been Taken and the Results Achieved

Work was stopped on June 20, 2007. NFS revised and/or created the following procedures: NFS-DC-103, NFS-QA-027, and NFS-WP-001. A lesson plan was developed and approved, and training was conducted on the appropriate procedures prior to re-start of the field activities. A Quality Assurance (QA) and Quality Control (QC) audit was performed by the QA and QC departments to evaluate whether activities were being conducted in accordance with procedures. The results of this audit indicated three findings which were immediately corrected.** Additionally, communications occurred with the NRC throughout July 2007 on corrective actions taken prior to re-authorizing work re-start.

* The NFS Decommissioning department considered this practice as meeting the intent of Section 5.2 of NFS-DC-027.

** No further problems have been identified.

The Corrective Steps That Will Be Taken To Avoid Further Violations

No additional steps are needed. NFS understands that future Final Status Survey activities will be conducted in accordance with the NFS-approved procedures discussed above.

The Date When Full Compliance Will Be Achieved

Full compliance was achieved the week of July 9, 2007, after the appropriate contractors and NFS personnel were trained in accordance with the approved lesson plan on the approved procedures.