



UNITED STATES
NUCLEAR REGULATORY COMMISSION

REGION II
SAM NUNN ATLANTA FEDERAL CENTER
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ATLANTA, GEORGIA 30303-8931

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November 2, 2007

Mr. Dwight Ferguson, President
Nuclear Fuel Services
P.O. Box 337, MS 123
Erwin, TN 37650

SUBJECT: NUCLEAR FUEL SERVICES, INC. - NRC INSPECTION REPORT NO.
07000143/2007-404

Dear Mr. Ferguson:

This refers to the inspection conducted October 9 - 12, 2007, at your Blended Low Enrichment Uranium (BLEU) Complex, Erwin, Tn. The purpose of the inspection was to determine whether activities authorized by the license were conducted safely and in accordance with NRC requirements. At the conclusion of the inspection, the inspector discussed the findings with members of your staff.

Areas examined during the inspection included physical security protection programs. Within these areas, the inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observation of activities in progress. Based on the results of this inspection, no violation of NRC requirements was identified.

This letter contain sensitive unclassified security-related information and will not be available for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) components of NRC's document system (ADAMS).

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Should you have any questions concerning this letter, please contact us.

Sincerely,

/RA/

Joel T. Munday, Chief
Plant Support Branch 2
Division of Reactor Safety

Docket No. 70-143
License No. SNM-124

Enclosure: NRC Inspection Report No. 70143/2007-404
w/Attachment: Supplemental Information (**OUO**)

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cc w/encl:

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Vice President
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Erwin, TN 37650

cc w/o encl:

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