July 29, 2008

Mr. Stephen Cowne
Licensing Director
Louisiana Energy Services, L.L.C.
P.O. Box 1789
Eunice, NM 88231

SUBJECT: REVIEW OF LOUISIANA ENERGY SERVICES PHYSICAL SECURITY PLAN REVISIONS

Dear Mr. Cowne:

On February 12, 2008, the Louisiana Energy Services (LES) transmitted its license amendment request for changes to its Physical Security Plan (PSP), to the U.S. Nuclear Regulatory Commission (NRC) for review and approval. This revision reflects new physical security analyses that consider the phased construction of the facility.

The LES uranium enrichment facility is a Category III facility, that is, a facility licensed to possess special nuclear material of low strategic significance. As a Category III facility, LES is subject to the security measures in 10 CFR 73.67(f) and the Order (EA-06-230) imposing additional security measures issued to LES on December 12, 2006. The regulations require that licensees store Category III material only in a controlled access area (CAA), monitor the CAA to detect unauthorized penetration, assure a response by watchman or off-site personnel to unauthorized activities, and establish and maintain response procedures. The Order required additional security measures be implemented beyond those required in 10 CFR Part 73.

Staff reviewed the revised PSP, conducted an on-site visit, and transmitted a Request for Additional Information (RAI) on May 9, 2008. In response to the RAI, LES provided a revised PSP on June 6, 2008.

In the conduct of the staff's review, staff reviewed the physical security analyses conducted for compliance with 10 CFR Part 73 and the Order issued to LES on December 12, 2006. The staff also reviewed the in-transit security provisions of the revised PSP. Based on this review, staff concluded that the revised PSP meets the security requirements in the regulations and the Order. In addition, the in-transit security provisions comply with 10 CFR 73.67(g) and adequately describes LES' responsibilities: (1) as the shipper and receiver of special nuclear material of low strategic significance; (2) for in-transit physical protection of special nuclear material of low strategic significance; (3) for managing shipments including response during loss, threats of theft, and thefts; (4) notifications to the NRC and the Operations Center; (5) the time to declare a shipment lost or unaccounted for; and (6) import and export requirements. Safeguards event reporting meets the requirements of 10 CFR 73.67(g) and 73.71.

Based on the above review, staff concludes that the licensee has provided sufficient information to determine that the licensee's PSP changes are in compliance with 10 CFR 73.67, 10 CFR 73.71, and the Order issued to LES on December 12, 2006.

Therefore, based on the above review, the LES PSP is acceptable. We will amend the LES License to reflect the approved revision to this PSP when we receive the final page changes addressed in the redline-strikeout version in your June 6, 2008, letter. Please provide the final page changes within 30 days from the date of this letter.

An environmental assessment for this action is not required, since this action is categorically excluded under 10 CFR 51.22(c)(12).

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at http://www.nrc.gov/reading-rm/adams.html (the Public Electronic Reading Room).

If you have any questions, please contact Mr. Timothy C. Johnson at (301) 492-3121.

Sincerely,

/RA/

Robert C. Pierson, Director
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

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

cc:

William Szymanski/DOE	Alton Dunn/Jal	Gregory Smith/LES
Gary Don Reagan/Hobbs	Daniel Stenger/H&H	David Trujillo/Lovington
Cindy Padilla/NMED	Betty Rickman/Tatum	Reinhard Hinterreither/LES
Glen Hackler/Andrews	William Floyd/New Mexico	Matt White/Eunice
Gary Schubert/Lea County	Richard Ratliff/Texas	Lee Cheney/CNIC
Michael Marriotte/NIRS	CO'Claire/Ohio	Roger Mulder/Texas
Derrith Watchman-Moore/NMED	Joseph Malherek/PC	Ron Curry/NMED
Tannis Fox/NMED	Patricia Madrid/NMAG	Glen Smith/NMAG
Lindsay Lovejoy/NIRS	Clint Williamson/LES	John Parker/NMED

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