

MEMORANDUM TO: Michael Tschiltz, Deputy Director  
Fuel Facility Licensing Directorate  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Materials Safety  
and Safeguards

THRU: Brian W. Smith, Chief **/RA/**  
Uranium Enrichment Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Materials Safety  
and Safeguards

FROM: Timothy C. Johnson, Senior Project Manager **/RA/**  
Uranium Enrichment Branch  
Division of Fuel Cycle Safety  
and Safeguards  
Office of Nuclear Materials Safety  
and Safeguards

SUBJECT: MARCH 16, 2009 MEETING SUMMARY: LOUISIANA ENERGY  
SERVICES MANAGEMENT MEETING

On March 16, 2009, 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 attaching the meeting summary for your use. This summary contains no proprietary or classified information.

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

Enclosure: As stated

cc: William Szymanski/DOE  
Gary Don Reagan/Hobbs  
Reinhard Hinterreither/LES  
Glen Hackler/Andrews  
Gary Schubert/Lea County  
Michael Marriotte/NIRS  
Jon Goldstein/NMAG  
Tannis Fox/NMED  
Lindsay Lovejoy/NIRS

Alton Dunn/Jal  
David Trujillo/Lovington  
Betty Richman/Tatum  
Cindy Padilla/NMED  
Richard Ratliff/Texas  
CO'Claire/Ohio  
Joseph Malherek/PC  
Gary King/NMAG  
Roger Mulder/Texas

Steve ownes/LES  
Daniel Stenger/H&H  
Gregory Smith/LES  
Matt White/Eunice  
Lee Cheney/CNIC  
John Parker/NMED  
Ron Curry/NMED  
Glen Smith/NMAG  
Clint Williamson/LES

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MSheikh/Reg II	LES Website-YES		

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<b>OFC</b>	UEB	UEB	UEB
<b>NAME</b>	TCJohnson	VWilliams	BSmith
<b>DATE</b>	04/07/09	04/08/09	04/08 /09

**OFFICIAL RECORD COPY**

Summary of  
Louisiana Energy Services Management Meeting

Date: March 16, 2009

Place: Louisiana Energy Services (LES) offices;  
Eunice, New Mexico

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss project management issues applicable to the LES gas centrifuge uranium enrichment plant project. The meeting agenda is in Attachment 2.

Discussion:

Ms. Cathy Haney, Deputy Director of the Office of Nuclear Material Safety and Safeguards, began the meeting by providing opening remarks stating that she appreciated the cooperation between the U.S. Nuclear Regulatory Commission (NRC) and LES. She also stated that a substantial amount of construction and licensing had been accomplished since the last management meeting in June 2008. Ms. Haney also said that there are several challenges ahead before NRC can authorize operations in the first cascade. Mr. Gregory Smith of LES also provided opening remarks stating that LES is making progress in site construction and also appreciates the staff efforts.

Mr. Brian Smith discussed the current licensing status of the project. He stated that in Fiscal Year 2008 (FY 2008), NRC staff processed 31 licensing actions involving technical and security areas. So far in FY 2009, NRC staff processed 17 actions and has 14 actions outstanding. Since the last management meeting, NRC staff issued 6 amendments addressing security and construction changes to the LES license. These included changes in the Separations Building Module construction, the Quality Assurance Program Description; changes to the LES Standard Practice Procedure Plan (SPPP) for Protection of Classified Matter; changes to the ETUS SPPP; and the Fundamental Nuclear Material Control Plan. NRC staff also reviewed the financial assurance instruments and liability insurance documents applicable to Hot Acceptance Testing (HAT).

In the security area, Mr. Brian Smith discussed licensing actions addressing the use and storage of classified matter and the accreditation and approval of classified information technology (IT) networks. For classified IT systems, the U.S. Department of Energy is assisting NRC in providing Federal accreditation. Several IT systems have been approved, several are currently under review, and several more are expected to be submitted in the future. Because of the aggressive construction schedule, Mr. Smith recommended that LES provide sufficient time for review and inspection of these systems so that LES schedules are not adversely affected.

Mr. Smith also discussed the implementation of physical security provisions for receipt of feed material. He said that, because only a limited amount of material is being used for HAT, full

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physical security controls are not needed at this time, but will be needed for the feed material. He said that NRC staff plans to inspect the controls prior to receipt of the feed material.

Ms. Mina Sheikh discussed NRC inspection activities. She stated that 18 inspections of construction and quality assurance activities were conducted in FY 2008 and 3 inspections have been conducted in FY 2009. In FY 2008, there were 560 direct inspection hours expended on LES activities. NRC inspectors have cited LES for 5 Severity Level IV violations, which have the lowest safety significance of the NRC violation categories. Ms. Sheikh also said that an Assessment of Licensee Performance (ALP) was conducted in Eunice, New Mexico, in October 2008.

Ms. Sheikh then discussed the HAT Readiness Review inspections conducted in January 2009. Based on these inspections, she indicated that no violations were found and NRC staff authorized operations using uranium hexafluoride in the Centrifuge Assembly Building.

Regarding future inspections, Ms. Sheikh stated that there are several construction and quality assurance inspections scheduled for the rest of FY 2009. In addition, there will also be inspections to review the operational readiness of LES to operate the first cascade. The operational readiness inspections are scheduled to take place in August and early September 2009. Region II will also conduct an ALP prior to LES operations. Ms. Sheikh stated that the transition from construction to operations would be a continuing challenge for LES and NRC.

Mr. Brian Smith discussed future issues. These included implementation of LES' expansion plans, which will include licensing actions and the potential preparation of an Environmental Impact Statement supplement. He stated that LES needs to include sufficient time in its planning to accommodate these NRC actions.

For the readiness review for the start of operations, Mr. Smith also indicated that the review will be more in-depth than the one performed for the HAT, because of the increased amount of licensed material that will be used. He said that the inspections need to be completed by the end of September to allow NRC to prepare its inspection reports and the required Federal Register notice. To meet this objective, LES will need to be fully prepared for the inspections so that its operation schedules are not adversely affected.

Mr. Smith finished by discussing future management meetings. He stated that a second ALP will be conducted this fall and the next management meeting will be scheduled for March 2010.

Mr. Gregory Smith from LES discussed LES' major accomplishments since the last management meeting (Attachment 3). Mr. Dave Sexton stated that LES is now its own engineer-of-record with 180 engineers currently on-site. Its offsite engineering staff is down from 80 to 20 engineers.

Mr. Dan Poirier discussed construction activities. He said that safety and quality is a top priority and there have been over 4 million construction hours without a lost time accident. Currently, there are 800 construction staff on-site. He also said there is an aggressive corrective action program that includes evaluation of lessons learned. He indicated that LES has an excellent working relationship with the State of New Mexico for obtaining State permits for construction and occupancy. Mr. Poirier also stated that LES is active in transferring lessons learned to the

nuclear industry. He also stated that on March 31, 2009, construction management will be transferred from the Washington Group to LES.

Mr. Jerome Reed discussed operation activities. He said that staffing for operations is 75 percent complete. He stated that boundary packages for Items Relied on for Safety will be ready of the operational readiness reviews. LES self-assessments will be conducted based on NRC inspection procedures and the corrective action program. He said that the operations group is now responsible for all excavation due to past issues with live cables.

Mr. Steve Cowne then discussed current licensing issues. He said that several license amendment requests are being prepared for submittal, including construction changes for the Cylinder Receipt and Dispatch Building, amendments related to capacity expansion, changes in fire protection barriers, and autoclave internal leakage. He stated that safety culture issues are being pursued through staff interviews and using an outside contractor.

Mr. Gregory Smith summarized the LES statements by saying that LES has an aggressive schedule, but wants to do the right thing. He stated that he recognizes the need for NRC to authorize operations and will continue to take aggressive actions in response to the corrective action program.

#### Action Items

None

#### Attachment

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