

July 14, 2009

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

SUBJECT: APPROVAL OF LOUISIANA ENERGY SERVICES AMENDMENT REQUEST
FOR ORGANIZATIONAL CHANGES AFFECTING THE QUALITY ASSURANCE
PROGRAM DESCRIPTION (LAR 09-02) (TAC L32494)

Dear Mr. Cowne:

On January 23, 2009, Louisiana Energy Services (LES) transmitted a License Amendment Request (LAR-09-02) to identify organizational changes to the reporting structure of the Quality Assurance Department. We forwarded a Request for Additional Information (RAI) on April 2, 2009. On April 30, 2009, LES transmitted its response to the RAIs. We reviewed the submittal and are enclosing a Safety Evaluation Report (SER) of our review. Based on the above review, the proposed revisions are acceptable. We request that, within 30 days of receipt, you provide final page changes for the applicable licensing basis documents as you described in both the January 23, 2009, and April 30, 2009 correspondence. We will amend License Number SNM-2010 after receipt of these documents.

An environmental assessment for this action is not required, since this action is categorically excluded under Title 10 of the *Code of Federal Regulations* (10 CFR), Section 51.22(c)(10).

If you have any questions regarding this letter, please contact Mr. Ty Naquin of my staff via e-mail at Tyrone.Naquin@nrc.gov or (301) 492-3187.

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

Sincerely,

/RA/ B. Smith for

Michael D. Tschiltz, Deputy Director
Fuel Facility Licensing Directorate
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Material Safety
and Safeguards

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

Enclosure: As stated

cc:

William Szymanski/DOE
Gary Don Reagan/Hobbs
Cindy Padilla/NMED
Glen Hackler/Andrews
Gary Schubert/Lea County
Michael Marriotte/NIRS
Jon Goldstein/NMED
Tannis Fox/NMED
Lindsay Lovejoy/NIRS

Alton Dunn/Jal
Daniel Stenger/H&H
Betty Rickman/Tatum
Matt White/Eunice
Richard Ratliff/Texas
CO'Claire/Ohio
Joseph Malherek/PC
Gary King/NMAG
Clint Williamson/LES

Gregory Smith/LES
David Trujillo/Lovington
Reinhard Hinterreither/LES
John Parker/NMED
Lee Cheney/CNIC
Roger Mulder/Texas
Ron Curry/NMED
Glen Smith/NMAG

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

Sincerely,

/RA/ B. Smith for

Michael D. Tschiltz, Deputy Director
 Fuel Facility Licensing Directorate
 Division of Fuel Cycle Safety
 and Safeguards
 Office of Nuclear Material Safety
 and Safeguards

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

Enclosure: As stated

cc:

William Szymanski/DOE
 Gary Don Reagan/Hobbs
 Cindy Padilla/NMED
 Glen Hackler/Andrews
 Gary Schubert/Lea County
 Michael Marriotte/NIRS
 Jon Goldstein/NMED
 Tannis Fox/NMED
 Lindsay Lovejoy/NIRS

Alton Dunn/Jal
 Daniel Stenger/H&H
 Betty Rickman/Tatum
 Matt White/Eunice
 Richard Ratliff/Texas
 CO'Claire/Ohio
 Joseph Malherek/PC
 Gary King/NMAG
 Clint Williamson/LES

Gregory Smith/LES
 David Trujillo/Lovington
 Reinhard Hinterreither/LES
 John Parker/NMED
 Lee Cheney/CNIC
 Roger Mulder/Texas
 Ron Curry/NMED
 Glen Smith/NMAG

DISTRIBUTION:

RidsNmssOd r/f	FCSS r/f	UEB r/f	LClark/OGC
DMcIntyre/OPA	RVirgilio/FSME	JWeil/OCA	DSeymour/Reg
MLesser/Reg II	RHannah/Reg II	KClark/Reg II	WMaier/Reg IV
CTaylor/Reg II	AGody/Reg II	CHolzle/OGC	JHull/OGC

ML091680022

OFC	UEB	UEB	MODB	UEB	UEB	FFLD
NAME	TNaquin	THristopoulos	MKotzalas	TJohnson	BSmith	MTschiltz
DATE	6/17/2009	6/18/2009	6/26/2009	7/07/2009	7/14/2009	7/14/2009

OFFICIAL RECORD COPY

DOCKET No.: 70-3103
LICENSE No.: SNM-2010

LICENSEE: Louisiana Energy Services
National Enrichment Facility
Lea County, New Mexico

SUBJECT: APPROVAL OF LOUISIANA ENERGY AMENDMENT REQUEST
FOR ORGANIZATIONAL CHANGES AFFECTING THE QUALITY
ASSURANCE PROGRAM DESCRIPTION (LAR 09-02) (TAC
No.L32494)

PROPOSED CHANGES

On January 23, 2009, Louisiana Energy Services (LES) transmitted a License Amendment Request (LAR-09-02) to identify organizational changes to the reporting structure of the Quality Assurance Department. Generally, the proposed changes involved modifications in the organizational responsibilities and lines of reporting authority. On April 2, 2009, U.S. Nuclear Regulatory Commission (NRC) sent a Request for Additional Information (RAI) seeking clarifications in roles and responsibilities of positions affected by the changes. On April 30, 2009, LES responded to the RAIs with additional correspondence and a mark-up of relevant licensing basis documents.

BACKGROUND

A significant change under this LAR is a shift of responsibilities of the LES President to the Chief Operating Officer and Chief Nuclear Officer for all quality related concerns. Other changes proposed by the licensee include the creation of the Quality Assurance and Regulatory Affairs Department, to which the Quality Assurance, Licensing, and Performance Assessment and Feedback organizations will report. In addition to technical issues, quality related procurement issues were revised to be under the authority of the Chief Operating Officer and Chief Nuclear Officer. The Procurement Director reports to the Chief Financial Officer for daily operational activities, but quality and technical procurement issues are assigned to the Chief Operating Officer and Chief Nuclear Officer. As a result of this shift in responsibilities, the reporting relationship of the Quality Assurance (QA) Manager is changed from the LES President to include direct reporting to the Chief Operating Officer and Chief Nuclear Officer for matters regarding quality assurance and stop work authority.

The revision also includes expanding the experience requirements for the Quality and Regulatory Affairs Director. Finally, the amendment request proposes a revision to positions described in the Safety Analysis Report (SAR) to be exempt from some educational requirements in exchange for additional relevant experience.

REGULATORY REQUIREMENTS

10 *Code of Federal Regulations* (10 CFR) 70.34 requires applications for amendment of a licensee to be filled in accordance with 70.21(a) and must specify the respects in which the licensee desires the license to be amended and the grounds for such amendment.

10 CFR 70.4 states that management measures include configuration management, maintenance, training and qualifications, procedures, audits and assessments, incident investigations, records management, and other QA elements.

10 CFR 70.62 (d) requires an applicant to establish management measures, for application to engineered and administrative controls and controls systems that are identified as IROFS, pursuant to 10 CFR 70.61(e), to ensure they are available and reliable.

10 CFR Part 50, Appendix B requires an applicant to include information pertaining to the managerial and administrative controls to be used to assure safe operation.

GUIDANCE

The NRC staff conducted its safety review in accordance with NUREG-1520, "Standard Review Plan for the Review of a License Application for a Fuel Cycle Facility."

TECHNICAL DISCUSSION

The staff compared the standing Quality Assurance Program Descriptions (QAPD) and SAR against the mark-up revisions to these licensing basis documents submitted with this amendment. The staff also reviewed the LES commitments and clarifications in response to the staff RAIs submitted April 30, 2009. The licensee committed to implement a QA program that meets the QA program criteria of 10 CFR Part 50, Appendix B, "Quality Assurance Criteria for Nuclear Power Plants and Fuel Reprocessing Plants," referred to hereafter as Appendix B. To meet these criteria, LES committed to compliance with programmatic implementation in accordance with the provisions of American Society of Mechanical Engineers (ASME) NQA-1-1994, "Quality Assurance Program Requirements for Nuclear Facilities," as revised by the ASME NQA-1a-1995 Addenda, hereafter referred to as NQA-1.

Section 1 of the QAPD describes: (a) the organizational structure; (b) functional responsibilities; and (c) interface of responsibility and authority for all organizations performing QAPD activities. These are provided as organization charts and functional responsibility descriptions for the design, construction, and operations phases. The LES President originally had the responsibility for establishing the basic policies of the QA Program, and these were shifted under this amendment to the Chief Operating Officer and Chief Nuclear Officer. The QA Manager has overall responsibility for development, management, and implementation of the LES QA Program during all phases of construction and operation of the NEF, QA oversight of all activities, and conduct of audits, surveillances, inspections, and assessments.

The staff reviewed whether the QA Manager has sufficient independence for all issues affecting quality, specifically stop work authority. The proposed revisions to the QAPD and SAR provide the QA Manager with sufficient organizational independence for all quality issues, access to work areas, and stop work authority. The staff concludes that there is reasonable assurance that the organizational structure and functional responsibilities for persons and organizations

verifying activities affecting quality have sufficient access to work areas and organizational independence to carry out their responsibilities.

The staff reviewed the lines of authority and the maintenance of organizational freedom between the QA Manager, Quality and Regulatory Affairs Director (QRAD), and the Chief Operating Officer and Chief Nuclear Officer. While the QA Manager reports to the QRAD, the position has overall responsibility for management and implementation of the QA Program and is considered a key management position. As such, the QA Manager has a direct relationship to the Chief Operating Officer and Chief Nuclear Officer for specific stop work authority and quality concerns with Performance Assessment and Feedback. The staff concludes that the QA Manager has sufficient organizational independence for all issues affecting quality.

The staff reviewed the role of the QA Manager in the management of the QA Program. The QA Manager is responsible for the management and implementation of the QA Program, to include responsibility for follow-up and verification of timely corrective action taken. The staff concludes that this change is adequate and provides reasonable assurance that responsibilities of the QA Manager are clear and that the QA Program can be implemented to meet its intended objectives.

Contractor QA programs on site are subject to the requirements of the QAPD for inspection, audit, and review. The QA Manager is identified in Section 1 of the QAPD for ensuring that contractor QA programs meet all applicable requirements of the LES QA Program. Management measures are invoked to evaluate goods and services provided will be, and or perform, as expected. The QA Manager is responsible for the review and acceptance of QL-2 programs. Individual company QA programs would be reviewed and determination of adequacy performed based on goods or services provided. QA issues of proprietary technological matters are handled at a sufficiently high level of authority to ensure quality is preserved and issues receive the proper attention to effect resolution.

FINDINGS

Based on the review of the licensee's proposed changes to its QAPD, the staff concludes that these provide reasonable assurance the licensee's QA Organization has sufficient flexibility and organizational independence to assure quality in the construction and operation of the facility. Accordingly, the staff concludes that the licensee's application of QA elements as described in the QAPD meets the requirements of 10 CFR Part 70.62(d) and provides reasonable assurance of protection of public and worker health and safety and the environment.

ENVIRONMENTAL REVIEW

Issuance of the requested amendment to the LES license is subject to the categorical exclusion provided in 10 CFR 51.22(c)(11). Therefore, neither an environmental assessment nor an environmental impact statement is required for the proposed action.

CONCLUSIONS

Based on its review and evaluation provided by LES in its LAR dated January 23, 2009, and in the subsequent response to RAIs submitted April 30, 2009, the NRC staff finds that the proposed revisions to the LES license are acceptable, consistent with the requirements of 10 CFR Part 70, and should be approved.

PRINICPAL CONTRIBUTORS

Paul Bell

REFERENCES

NUREG-1827, (June 2005), "Safety Evaluation Report for NEF in Lea County, New Mexico, Louisiana Energy Services."

(ASME, 1994) American Society of Mechanical Engineering. ASME NQA-1, "Quality Assurance Requirements for Nuclear Facility Applications," 1994.

(ASME, 1995) American Society of Mechanical Engineering. ASME NQA-1a, "Addenda to ASME NQA-1-1994 Edition, Quality Assurance Requirements for Nuclear Facility Applications," 1995.