



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
REGION II  
245 PEACHTREE CENTER AVENUE NE, SUITE 1200  
ATLANTA, GEORGIA 30303-1257

July 16, 2010

David E. Sexton, Chief Nuclear Officer  
And Vice President of Operations  
Louisiana Energy Services, L.L.C.  
P.O. Box 1789  
Eunice, NM 88231

SUBJECT: NRC INSPECTION REPORT NO. 70-3103/2010-011

Dear Mr. Sexton:

This refers to the inspection of initial plant operation of Cascade 1 with process gas conducted from June 13-25, 2010, at the Louisiana Energy Services, National Enrichment Facility (LES NEF) in Eunice, New Mexico. The purpose of the inspection was to determine whether activities associated with initial plant operation were conducted safely and in accordance with NRC requirements and your license requirements.

Areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of a selective examination of records, interviews with personnel, and observations of activities in progress. Based on the results of this inspection, no violations of regulatory requirements were identified.

In accordance with 10 CFR 2.390 of NRC's "Rules of Practice," this document may be accessed through the NRC's public electronic reading room, Agency-Wide Document Access and Management System (ADAMS) on the Internet at <http://www.nrc.gov/reading-rm/adams.html>

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

Sincerely,

*/RA/*

Jay L. Henson, Chief  
Fuel Facility Inspection Branch 2  
Division of Fuel Facility Inspection

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

Enclosure:  
NRC Inspection Report 70-3103/2010-011

cc w/encl: (See page 2)

G. Sexton

2

cc w/encl:

Gary Sanford, Quality and Regulatory  
Affairs Director  
National Enrichment Facility  
P.O. Box 1789  
Eunice, NM 88231

Daniel F. Stenger, Counsel  
Hogan and Hartson  
555 13th Street, NW  
Washington, DC 20004

Carlos Romero, Chief  
Radiation Control Bureau  
Field Operations Division  
Environment Department  
Harold S. Runnels Building  
1190 St. Francis Drive, Room S 2100  
P. O. Box 26110  
Santa Fe, NM 87502

Richard A. Ratliff, PE, LMP  
Radiation Program Officer  
Bureau of Radiation Control  
Department of State Health Services  
Division for Regulatory Services  
1100 West 49th Street  
Austin, TX 78756-3189

Cindy Padilla, Deputy Secretary  
New Mexico Department of Environment  
Office of the Secretary  
1190 St. Francis Drive  
P. O. Box 26110  
Sante Fe, NM 87502-0157

Matt White, Mayor  
City of Eunice  
P.O. Box 147/1106 Ave J  
Eunice, NM 88231

Gary Don Reagan, Mayor  
City of Hobbs  
200 E. Broadway  
Hobbs, NM 88240

cc w/encl: (cont'd on page 3)

G. Sexton

3

(cc w/encl: cont'd)  
Alton Dunn, Mayor  
City of Jal  
P.O. Drawer 340  
Jal, NM 88252

Gary Schubert, Chairman  
Lea County Commissioners  
100 North Main  
Lovington, NM 88260

cc email distribution w/encl:  
Gregory Smith, President and Chief Executive Officer  
Louisiana Energy Services, L.L.C.  
Electronic Mail Distribution

Gary Sanford, Quality & Regulatory  
Affairs Director  
Louisiana Energy Services, L.L.C.  
Electronic Mail Distribution

John Lawrence, General Counsel  
Louisiana Energy Services, L.L.C.  
Electronic Mail Distribution

Brenda Brooks, Director  
Community Affairs and Government Relations  
Electronic Mail Distribution

Distribution w/encl:  
B. Smith, NMSS  
T. Naquin, NMSS  
D. Seymour, RII  
M. Lesser, RII  
J. Henson, RII  
C. Taylor, RII  
D. Hartland, RII  
PUBLIC

\*see previous concurrence

PUBLICLY AVAILABLE     NON-PUBLICLY AVAILABLE     SENSITIVE     NON-SENSITIVE  
ADAMS:  Yes    ACCESSION NUMBER:     SUNSI REVIEW COMPLETE \_\_\_\_\_

OFFICE	RII:DFFI								
SIGNATURE	DH 7/15/10								
NAME	DHartland*								
DATE									
E-MAIL COPY?	YES    NO	YES    NO	YES    NO	YES    NO	YES    NO	YES    NO	YES    NO	YES    NO	YES    NO

**U.S. NUCLEAR REGULATORY COMMISSION  
REGION II**

Docket: 70-3103

License: SNM-2010

Report: 70-3103/2010-011

Licensee: Louisiana Energy Services, L.L.C.

Location: Eunice, New Mexico

Inspection Dates: June 13-25, 2010

Inspector: D. Hartland, Senior Fuel Facility Inspector

Approved: Jay L. Henson, Chief  
Fuel Facility Inspection Branch 2  
Division of Fuel Facility Inspection

Enclosure

## EXECUTIVE SUMMARY

Louisiana Energy Services, L.L.C.,  
URENCO USA Facility  
NRC Inspection Report 70-3103/2010-011

This report is a summary of the inspection of the licensee's initial plant operation of Cascade 1 with process gas. The inspection was conducted during the period of June 13-25, 2010. The results of the inspection are contained in the details section of this report. The report details section was prepared to exclude the use of information the licensee identified as proprietary.

The inspection was conducted through a review of selected records, interviews with personnel, and direct observation of activities in the area of plant operations.

### **Plant Operations**

No significant issues were identified during observation of initial plant operation of Cascade 1 with process gas. (Section 2)

#### Attachment:

1. Persons Contacted
2. Inspection Procedures
3. List of Items, Opened, Closed and Discussed

## REPORT DETAILS

### 1. Summary of Site Activities

The licensee was conducting initial plant operation of Cascade 1 with process gas at the time of this inspection. Construction and testing in some areas of Separation Building Module 1001 and other applicable process areas continued in preparation for future operation of other cascades and equipment.

### 2. Plant Operations

#### a. Scope and Observations (Inspection Procedure 88020)

The inspector observed initial operation of Cascade 1 with process gas including cylinder connect/disconnect and purification, passivation of process piping, and initial enrichment operations with emphasis on the implementation of items relied on for safety (IROFS).

The inspector assessed whether operators were adhering to approved procedures, including normal and alarm response procedures, as well as radiological work permit requirements for ongoing activities. The inspector also observed the adequacy of communications between supervisors and operators and whether supervisors were providing adequate oversight. The inspector noted that plant staff ending their shifts adequately conveyed all necessary safety-related information concerning plant systems status to the staff for the oncoming shift during turnovers. No safety significant issues were identified.

The inspector reviewed the operator log book to ensure that information concerning operating trends and activities was being accurately documented. The inspector also reviewed the licensee's "operator work-around" log and verified that there were no conflicts with license and procedure requirements and that safety evaluations had been performed, as applicable.

The inspector observed the operation of safety-related instruments and equipment to determine their operability. The inspectors noted that cylinder load cells (IROFS 38 and C22) and feed station temperature sensors (IROFS1, 2, 4, and 5) were providing accurate indications of the parameters they were monitoring. The inspector also observed the performance of shiftly surveillances for IROFS C22 and 38 and determined that the results complied with procedure and ISA requirements.

The inspector verified that operators were aware of nearby activities (ongoing construction) in progress that could have had impact on safe operation of equipment. The inspector also verified that the licensee was properly implementing the requirements of IROFS 50 regarding restrictions with the use of cranes and other construction equipment in proximity of ongoing operations.

The inspector conducted walk-throughs in the facility involved in processing licensed nuclear materials and verified that general plant cleanliness and equipment conditions were maintained to ensure clear egress along established evacuation paths and to minimize the potential for accidents that could have adversely affected control of

nuclear material. The inspector also verified that there was no unauthorized storage of flammable material or excessive fire loads posing explosive or incendiary risks per IROFS 36 and that the storage and movement of fissile materials was being conducted as required by IROFS 14 and 31. The inspector did not identify any unauthorized temporary modifications during the plant tours.

b. Conclusion

No significant issues were identified during observation of initial plant operation of Cascade 1 with process gas.

3. Exit Meeting

The inspection scope and results were summarized on June 25, 2010, with David Sexton of your staff. Although proprietary documents and processes were occasionally reviewed during this inspection, the proprietary nature of these documents or processes was not included in this report. Mr. Sexton acknowledged the observations and findings during the exit meeting noted above. No dissenting comments were received from the licensee.

## **ATTACHMENT**

### **1. PARTIAL LIST OF PERSONS CONTACTED**

#### **Licensee Personnel:**

S. Cowne, Deputy Director, Operations  
C. Markert, Operations Manager  
P. McCasland, Licensing Engineer  
W. Padgett, Licensing Manager  
D. Sexton, Chief Nuclear Officer and Vice President of Operations  
G. Sanford, Quality and Regulatory Affairs Manager  
G. Sergent, Quality Assurance Manager  
G. Smith, LES President and Chief Operating Officer

### **2. Inspection Procedures Used**

IP 88020      Operational Safety

### **3. List of Items Opened, Closed, and Discussed**

None