

OCT 25 2010

LES-10-00228-NRC

ATTN: Document Control Desk  
Office of Nuclear Material Safety and Safeguards  
U. S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001

Louisiana Energy Services, LLC  
NRC Docket Number: 70-3103

Subject: Reply to Notice of Violation 70-3103/2010-002 Part 1

- Reference:
1. Letter from A. Masters (NRC) to D. Sexton (LES), NRC Inspection Report No. 70-3103/2010-002 and Notice of Violation, dated September 24, 2010
  2. Letter from LES to NRC LES-10-00233, Request for Extension for Reply to Notice of Violation 70-3103/2010-002, dated October 22, 2010

In response to the NRC's Notice of Violation (NOV) (Ref. 1), URENCO USA (UUSA) herewith provides the enclosed Part 1 Reply to Violations A, B Example 1, and C, for failure to: perform and document required visual inspections in the proper sequence; to initiate NCR's for non conforming conditions; and to assure the work plan that was designated as a quality record was accurate and complete. These Violations relate to Sections 5, 15, and 17, respectively, of UUSA's Quality Assurance Program Description (QAPD). As discussed with members of your staff, and as stated in the extension letter (Ref.2), the Part 2 response for Violation B Example 2 will be provided under a separate cover letter.

Pursuant to instructions specified in the Notice, the enclosed UUSA reply includes for each violation: 1) the reason for the violation; 2) the corrective steps that have been taken and the results achieved; 3) the corrective steps that will be taken to avoid further violations; and 4) the date when full compliance will be achieved. See Enclosure.

Should there be any questions regarding this submittal, please contact Gary Sanford, Director of Quality and Regulatory Affairs, at 575.394.5407.

Sincerely,



David E. Sexton  
Chief Nuclear Officer and  
Vice President of Operations

Enclosure: Reply to Notice of Violation 07-3101/2010-002 Part 1

IE07

Deborah A. Seymour  
Chief, Construction Projects Branch 1  
US NRC, Region II  
245 Peachtree Center Ave, NE  
Suite 1200  
Atlanta, GA 30303-1257

Anthony T. Gody  
Deputy Director, Construction Projects  
US NRC, Region II  
245 Peachtree Center Ave, NE  
Suite 1200  
Atlanta, GA 30303-1257

Tyrone D. Naquin, Project Manager  
Two White Flint  
Mail Stop EBB2-C40M  
11545 Rockville Pike  
Rockville, MD 20852-2738

John Parker, 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

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

Patricia A. Silva  
Chief, Technical Support Branch  
Division of Fuel Cycle Safety and Safeguards  
Office of Nuclear Materials and Safeguards  
6003 Executive Blvd.  
Rockville, MD 20852

Luis A. Reyes  
Regional Administrator  
Region II  
245 Peachtree Center Ave, NE  
Suite 1200  
Atlanta, GA 30303-1257

Jay L. Henson  
Chief, Fuel Facility Branch 2  
USNRC, Region II  
245 Peachtree Center Ave, NE  
Suite 1200  
Atlanta, GA 30303-1257

Matt White, Mayor  
City of Eunice  
P.O. Box 147  
Eunice, NM 88231

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

Cheryl Chance, Mayor of Jal  
P.O. Box Drawer 340  
Jal, NM 88252

Greg Fulfer, Chairman  
Lea County Commissioners  
100 North Main  
Lovington, NM 88260

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

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

## ENCLOSURE

### LOUISIANA ENERGY SERVICES/URENCO USA (LES/UUSA)

#### REPLY TO NOTICE OF VIOLATION (NOTICE) 70-3103/2010-002 PART 1

##### Restatement of Violation:

*During U.S. Nuclear Regulatory Commission (NRC) inspections conducted from June 1 through August 31, 2010, three violations of NRC requirements were identified.*

*In accordance with the NRC Enforcement Policy, the violations are listed below:*

- A. *Special Nuclear Material License Number (No.) 2010 states, in part, that the licensee shall conduct authorized activities at the Louisiana Energy Services, L.L.C., National Enrichment Facility (LES NEF) in accordance with statements, representations, and conditions in the approved Quality Assurance Program Description (QAPD), dated April 9, 2004, and supplements thereto.*

*Section 5, Instructions, Procedures, and Drawings, of the QAPD states, in part, that activities effecting quality shall be prescribed by and conducted in accordance with approved procedures and implementing documents.*

*LES Work Plan (WP) 1003-CIVIL-811-002, Site Excavation and Backfilling-Building 1003, WP instruction Step No. 10, Subgrade Visual Inspection, contains a Construction/Field Engineer (CE/FE) visual inspection hold point and Quality Control (QC) witness. This step required partial area inspections to be performed and documented in an attachment to the WP.*

*Contrary to the above, prior to July 20, 2010, LES NEF performed WP Instruction step No.11, Proof Roll Inspection, on Separations Building Module (SBM)-1003, column-line K, elevation 3404' subgrade, prior to performing and documenting the visual inspection required by step No. 10.*

*This is a severity Level IV violation (Supplemental II)*

- B. *Special Nuclear Material License Number (No.) 2010 states, in part, that the licensee shall conduct authorized activities at the Louisiana Energy Services, L.L.C., National Enrichment Facility (LES NEF) in accordance with statements, representations, and conditions in the approved Quality Assurance Program Description (QAPD), dated April 9, 2004, and supplements thereto.*

*Section 15, Nonconforming Items, of the LES NEF QAPD states that, "Employees of LES and LES contractors have a procedural obligation to identify and document nonconformances."*

*Procedure EG-3-2100-09: Identification, Disposition, and Resolution of Nonconforming Items, Revision (Rev.) 3, Section 5.1.1b states, "When a nonconformance is identified, then initiate a Nonconforming Report (NCR) per this procedure."*

Contrary to the above, on July 22, 2010, NRC inspectors identified that the licensee failed to initiate NCR's for non-conforming on two occasions as evidenced by the following examples:

1. Detailed Apparent Cause Evaluation, Rev. 0, for Condition Report (CR) 2010-1478 identified a potential non-conformance and a NCR was not Initiated as required. Specifically, the Detailed Apparent Cause Evaluation identified one concrete compressive strength test that did not meet the requirement of 1,000 pounds per square inch (psi) prior to removal of form-work for the associated load bearing walls, as required by Section 3.1.4b of Specification 114489-S-S-03312. The 1-day concrete compressive strength for wall 1001 5.8 line D.3 second lift was found to be 650 psi.

*This is a severity Level IV violation (Supplemental II)*

- C. Special Nuclear Material License Number (No.) 2010 states, in part, that the licensee shall conduct authorized activities at the Louisiana Energy Services, L.L.C., National Enrichment Facility (LES NEF) in accordance with statements, representations, and conditions in the approved Quality Assurance Program Description (QAPD), dated April 9, 2004, and supplements thereto.

*Section 17, Quality Assurance Records, of the QAPD states, in part, that documents that are designated to become records shall be legible, accurate and completed appropriate to the work accomplished. Additionally, the QAPD states, in part, that individuals creating records shall ensure the records are legible, accurate and complete.*

*Contrary to the above, a work plan that was designated as a quality assurance record was not accurate in that erroneous inspection data was included in the record, and the individuals responsible for creating and approving the record did not ensure that the record was legible, accurate, and complete.*

*This is a severity Level IV violation (Supplemental II)*

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## **UUSA Reply to Violation A:**

### The Reason for Violation A:

The cause related to Violation A is associated with the manner in which the subject work plan was constructed and performed. The sign-offs for the proof roll inspection for elevation 3404' were documented but the visual inspection was not documented. The work plan (1003-CIVIL-811-002) was developed with a hold point for visual inspection and a hold point for the proof roll; the actual practice used by the constructor was to do the visual inspection at the same time as the proof roll. When the physical work was performed the result was that several hold point steps were being performed at the same time. The craft, Construction Engineer, and QC inspector all failed to properly document that the first hold point had been completed.

### Corrective Steps Taken and Results Achieved for Violation A:

1. Revised EG-3-6000-01 to require work steps be performed in the sequence written. Out of sequence performance of steps shall be prohibited except as specifically authorized in the body of the work plan. Such authorization shall specifically define the step(s) to which it applies. CR 2010-2379 Action 2, Completed 9/9/10
2. Provided awareness briefing to Projects personnel (including construction contractors and subcontractors) on the work plan process. Awareness briefing addressed the following;  
CR 2379 Action 11, Completed 10/14/10
  1. All construction activities for permanent plant structures at the URENCO USA site are governed by work plans.
  2. For QL-1, QL-1G, and QL-2 work, the work plan controls the sequence of work performed.
  3. Only individuals who have received specific additional training are qualified to sign work instruction steps in work plans.
3. The subject visual inspection of the subgrade was documented as complete on 7/20/10 and the work plan 1003-CIVIL-811-002 was updated on 7/24/10.

### Corrective Steps That Will Be Taken To Prevent Further Violation A:

Coordinate with the Training Group to perform a training needs analysis of the construction work plan process per TQ-3-0100-01 "TSD Process Activities." The needs analysis should consider the role of Construction Building Managers, Construction Supervisors, Construction Craft, Construction Work Planners, Construction Engineers, Design and Support Engineers, Quality Control Inspectors, Operations personnel, and Maintenance personnel.

Based on the results of the needs analysis, additional actions to revise procedures and/or conduct training may be required. CR 2379 Action 10, Scheduled Completion Date: 10/31/10

The Date When Full Compliance Will Be Achieved for Violation A - Example 1:

CR 2010-2379 Action 10 is scheduled to be completed by 10/31/10. Full compliance will be achieved upon completion of identified training or procedure revisions which is scheduled for 11/15/2010.

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**UUSA Reply to Violation B:**

The Reason for Violation B - Example 1:

A review of the circumstances related to Violation B-Example 1 determined that the Separations Building Module (SBM) wall was evaluated under the same evaluation being performed for the CRDB walls without initiating another Condition Report (CR) or Non-Conforming Report (NCR). It was concluded that there was reasonable assurance that the SBM wall was not non-conforming. However, the formal process mandated under the QAPD and detailed in procedure EG-3-2100-09 "Identification, Evaluation, and Disposition of Nonconforming Material," was not applied.

The immediate cause of this example was that the individuals involved were focused on a specific aspect of the issue such that they did not consider that the NCR process should have been implemented. This was caused by a lack of clarity and insufficient prompts in the evaluation process documents to lead personnel to consider applicability of, and ensure compliance with, the procedure for handling nonconforming material.

Neither a CR nor a NCR was processed partially because adequate guidance was not provided in the controlling documents to direct personnel to initiate a CR or NCR.

Corrective Steps Taken and Results Achieved for Violation B - Example 1:

NCR 2010-2336 was initiated to determine the compressive strength of wall 1001 5.8 line D.3 second lift 6'7" up to the current construction joint. CR 2010-2336 Action 1 Completed 10/22/10.

Corrective Steps That Will Be Taken To Prevent Further Violation B - Example 1:

1. Conduct read and sign training/refresher for projects and construction personnel (From LES Managers/Directors to Contractor Foremen, Construction and Field Engineers) to address the enhancements required in the actions listed in this evaluation. The session shall stress that in the evaluation process for any adverse condition, additional adverse conditions may be identified and they must be documented in a new CR and considered for evaluation under the nonconforming items process. CR 2010-2382 Action 1, Scheduled Completion Date: 11/30/10

2. Revise Procedure CA-3-1000-01, Performance Improvement Program, to require that: If during the evaluation process additional instances (examples) of similar conditions adverse to quality are identified, a new Condition Report shall be initiated for that/those example(s). CR 2010-2382 Action 2, Scheduled Completion Date: 11/15/10
3. Revise Procedure CA-3-1000-02, Apparent Cause Evaluation Guidelines, to require that: If during the evaluation process additional instances (examples) of similar conditions adverse to quality are identified, a new Condition Report shall be initiated for that/those example(s). CR 2010-2382 Action 3, Scheduled Completion Date: 11/15/10
4. Revise Procedure CA-3-1000-03, Root Cause Evaluation Guidelines, to require that: "If during the evaluation process, additional instances (examples) of similar conditions adverse to quality are identified, a new Condition Report shall be initiated for that/those example(s). CR 2010-2382 Action 4, Scheduled Completion Date: 11/15/10
5. Revise Procedure EG-3-2100-09 Identification, Disposition, and Resolution of Nonconforming Items to include a statement expressing that the procedure applies to all items "suspected" to be non-conforming material. CR 2010-2382 Action 5, Scheduled Completion Date: 11/15/10

The Date When Full Compliance Will Be Achieved for Violation B - Example 1:

Full compliance will be achieved once the procedures are revised and the training is provided. This is scheduled to be completed on 11/30/10.

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**UUSA Reply to Violation C:**

The Reason for Violation C:

Review of this example determined that the errors, related to anchor bolt locations, associated with data accuracy in the Cascade 5 Flomel package were human performance errors. The QC inspector should have performed sufficient reviews to assure that the data entered into the quality record was accurate. Subsequent reviews during the approval of the work plan were not of sufficient detail to identify the errors.

Failure to identify the noted errors during the 3 levels of review was due to a lack of understanding by the signature personnel as to the scope of their responsibilities. This is related to the fragmentation of responsibilities and authority as discussed in the CR2010-2530 root cause. Based on interviews conducted it became clear that the roles and responsibilities of personnel associated with the implementation of the Commercial Grade Dedication (CGD) process were not clearly understood.

Corrective Steps Taken and Results Achieved for Violation C:

1. Conducted a 4 hour Human Performance Fundamentals training for QC Inspectors and other CGD personnel. CR 2010-2530 Action 9, Training Completed 7/23/10

2. A Memo, dated 8/9/10, from Gregory OD Smith URENCO USA President, was provided to all site personnel relating to significance of a person's signature and the fact that your signature verifies that you have attested to the accuracy of the information contained therein. Documentation was provided to Mr. Smith to show that all site personnel had been informed of the memo content by August 30, 2010.

Corrective Steps That Will Be Taken To Prevent Further Violation C:

1. Procedure EG-3-2100-05, Commercial Grade Dedication, shall be revised to include independent QA review of CGD documentation for complex commercial grade dedication items such as IROFS 41, IROFS 35 and Autoclaves. CR 2010-2530 Action 7, Scheduled Completion Date 11/15/10
2. Commercial Grade Dedication team is to appoint a Project Manager for IROFS 41 and develop a Project Plan that addresses the requirements of the process necessary to dedicate IROFS 41. This project plan must include appropriate training such that the individuals implementing the plan are aware of their roles and responsibility. (CR 2010-2530 Action 2, Scheduled Completion Date 11/15/10)

The Date When Full Compliance Will Be Achieved for Violation C:

Full compliance will be achieved upon completion of Project Plan and associated training which is scheduled to be completed by 11/15/10.