

July 1, 2013

Mr. Timothy Knowles
Licensing and Performance Assessment Manager
Louisiana Energy Services, LLC
P.O. Box 1789
Eunice, NM 88231

SUBJECT: NOTICE OF INTERNATIONAL ATOMIC ENERGY AGENCY SELECTION

Dear Mr. Knowles:

The purpose of this correspondence is to notify you of the June 28, 2013, selection of your facility by the International Atomic Energy Agency (IAEA) pursuant to Article 2(a) of the Protocol to the Agreement between the United States of America and the IAEA for the Application of Safeguards in the United States (the "Initial Protocol").

Pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR) 75.2(a), all U.S. Nuclear Regulatory Commission (NRC) licensees are subject to the requirements of 10 CFR Part 75. Based upon the IAEA selection notification, you are hereby advised of your obligation to comply with the requirements of 10 CFR Part 75 for activities in material balance area YKO. Under Article 6 of the Initial Protocol, the United States is obligated to provide facility information to the IAEA within 45 days of formal notification that a facility has been selected. Therefore, in accordance with 10 CFR 75.10(a), please submit facility information using IAEA approved Design Information Questionnaire forms (N-71 and N-75) to the NRC no later than July 29, 2013, in order to meet the timeliness requirement.

Pursuant to Article 21 of the Initial Protocol, the United States is obligated to provide an initial physical inventory listing (PIL) and material balance report (MBR) to the IAEA (10 CFR 75.32) within thirty days after the last day of the calendar month during which a selection notice was received. Therefore, in accordance with 10 CFR 75.32, please submit the initial inventory report to NRC no later than July 22, 2013. The PIL and MBR may be based on book values and will represent the beginning inventory for a new material balance period effective as of the initial inventory reporting date, June 30, 2013. Moreover, under Article 19 of the Initial Protocol, the United States is obligated to provide the Agency with accounting reports as detailed in Articles 20-25 of the Initial Protocol (see 10 CFR 75.34 – 75.36 for related reporting requirements).

Utilizing facility design information provided pursuant to 10 CFR 75.10 and information obtained during site visits, the United States and IAEA will agree upon a Subsidiary Arrangement which formally defines the technical and administrative procedures to implement measures contained in the Initial Protocol. Louisiana Energy Services will have the opportunity to comment on the arrangement before the procedure is put into practice. It is anticipated that this Subsidiary Arrangement will be implemented through the issuance of a license amendment or other appropriate means. Please note that no classified data may be shared with the IAEA unless prior approval has been received from the NRC. Furthermore, under no circumstances can classified information designated as "Restricted Data" be shared with the IAEA.

If you have any questions regarding this matter, please contact Mr. David H. Hanks (301-287-9056) or Mr. Tom A. Grice (301-287-9099) of the Material Control & Accounting Branch.

Sincerely,

/RA/ B. Horn for

Thomas A. Grice, Acting Chief
Material Control and Accounting Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Materials Safety
and Safeguards

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

If you have any questions regarding this matter, please contact Mr. David H. Hanks (301-287-9056) or Mr. Tom A. Grice (301-287-9099) of the Material Control & Accounting Branch.

Sincerely,

Thomas A. Grice, Acting Chief
Material Control and Accounting Branch
Division of Fuel Cycle Safety
and Safeguards
Office of Nuclear Materials Safety
and Safeguards

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

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