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March 23, 2015

Ms. Amy Johnson
Licensing and Performance
Assessment Manager
Louisiana Energy Services, LLC
P.O. Box 1789
Eunice, NM 88231

SUBJECT: ISSUANCE OF AMENDMENT 63 FOR LICENSE AMENDMENT REQUEST
12-10, EXPANSION OF ENRICHMENT CAPACITY FROM 3.7 TO 10 MILLION
SEPARATIVE WORK UNITS, SNM-2010, AMENDMENT NUMBER 63,
LOUISIANA ENERGY SERVICES, LLC (TAC NO. L34228)

Dear Ms. Johnson:

By letter dated November 9, 2012 (Agencywide Documents Access and Management System [ADAMS] Accession No. ML12319A591), Louisiana Energy Services, LLC (LES) submitted a license amendment request (LAR), LAR-12-10, to the U.S. Nuclear Regulatory Commission (NRC). LES sought to expand its enrichment capacity at the URENCO USA (UUSA) enrichment facility, and requested authorization to add three new Separation Building Modules (SBMs) and associated support facilities, in a phased approach over the next several years. Doing so would increase the UUSA's total enrichment production capacity from 3.7 million separative work units (SWU) to 10 million SWU.

By letter dated June 17, 2014 (ADAMS Accession No. ML14171A092), in a supplement to LAR-12-10, LES requested authorization to modify its license possession limit to 251,000,000 kilograms (kg) of uranium (natural, depleted, and daughter products, in the same chemical and physical form), up from the 136,120,000 kg amount that License Condition 8.A currently authorizes. In addition, LES requested authorization to possess 2,180,000 kg of enriched uranium (including daughter products, in the same chemical and physical form), up from the 545,000 kg amount that License Condition 8.B currently authorizes. Also in its June 17, 2014, supplement to LAR-12-10, LES requested authorization to utilize a new process in the cascades in SBM-1005 to allow for the use of high-assay uranium tails as feed material, instead of using natural uranium which contains approximately 0.7 weight percent U-235.

On February 6, 2015 (ML15037A054), the NRC staff gave LES limited authorization to start operations of the first cascade (Cascade 5.1) within new SBM-1005.

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The NRC staff has completed the review of the LAR and its associated supplement and found the proposed actions acceptable. Therefore, LAR-12-10 is approved, and Amendment 63 is being issued to license SNM-2010. Enclosure 1 contains the staff's Safety Evaluation Report which contains sensitive proprietary information [not publicly available in ADAMS]. Enclosure 2 contains the staff's Safety Evaluation Report with sensitive proprietary information redacted [publicly available in ADAMS].

As a result of the amendment approval, License Conditions 8.A, 8.B, 21 and 23 in LES materials license, SNM-2010, have been modified as follows:

License Condition 8.A 251,000,000 kg

License Condition 8.B 2,180,000 kg

License Condition 21 Onsite storage of DUF₆ generated at the NEF shall be limited to a maximum of 25,000 48Y cylinders (or the equivalent amount of uranium stored in other NRC accepted and Department of Transportation ["DOT"] certified cylinder types) of DUF₆. The generation of any additional DUF₆ to be stored onsite by the licensee beyond this limit shall constitute noncompliance with the license. The licensee shall suspend production of any additional DUF₆ for onsite storage until this noncompliance is remedied. In no event shall the licensee store DUF₆ generated at the NEF in New Mexico other than at the NEF.

License Condition 23 The licensee shall provide financial assurance for the offsite disposal of DUF₆ from the NEF using a minimum contingency factor of twenty-five percent (25%).

Upon reaching 24,000 cylinders of DUF₆ in 48Y cylinders (or the equivalent amount of uranium stored in other NRC accepted and DOT certified cylinder types) in onsite storage, the licensee shall immediately increase the financial assurance to provide a fifty percent (50%) contingency factor for disposition of DUF₆ stored at the NEF unless: (a) an application to construct and operate a de-conversion facility outside of New Mexico that is specifically designated to de-convert the DUF₆ stored onsite at the NEF has been docketed by the agency responsible for reviewing the application; (b) an application for such a facility has been approved by the agency responsible for reviewing the application; or (c) the licensee is using another alternate method for removing the DUF₆ stored onsite.

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In addition, upon reaching the limit of 25,000 cylinders of DUF₆ in 48Y cylinders (or the equivalent amount of uranium stored in other NRC accepted and DOT certified cylinder types) in onsite storage, the licensee shall immediately increase the financial assurance to provide fifty percent (50%) contingency factor for disposition of DUF₆ stored at the NEF if the contingency factor has not already been increased to fifty percent (50%). The contingency factor shall remain at fifty percent (50%) until the number of cylinders stored onsite is reduced to ninety-eight percent (98%) of the 25,000 cylinder limit and either: (a) an application to construct and operate a de-conversion facility outside of New Mexico that is specifically designated to de-convert the DUF₆ stored onsite at the NEF has been docketed by the agency responsible for reviewing the application; (b) an application for such a facility has been approved by the agency responsible for reviewing the application; or (c) the licensee is using another alternate method for removing the DUF₆ from New Mexico.

Nothing herein shall release the licensee from other financial assurance obligations set forth in applicable laws and regulations.

Enclosure 3 contains Amendment 63 to SNM-2010 reflecting the revisions approved under this request.

In addition, in accordance with 10 CFR 51.21, the NRC staff prepared an environmental assessment (EA) of the proposed action. Pursuant to 10 CFR 51.32, the EA contains a finding of no significant impact (FONSI) for this license amendment (ADAMS Accession No. ML15072A016). A notice of availability of the staff's EA/FONSI has been published in the *Federal Register* on March 19, 2015 (80 FR 1446). The NRC Director for the Division of Fuel Cycle Safety, Safeguards, and Environmental Review, Office of Nuclear Material Safety and Safeguards, has determined that the amendment to NRC License SNM-2010, authorizing expansion of UUSA's presently licensed uranium enrichment facility near Eunice, New Mexico, and operation at an annual production capacity of 10 million SWU, would not have a significant impact on the quality of the human environment. Therefore, based on the NRC staff's review as documented in this EA, and in accordance with 10 CFR 51.31, preparation of an Environmental Impact Statement is not required for the proposed action.

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In accordance with 10 CFR 2.390 of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter and Enclosures 2 and 3 will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records System component of NRC's ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). Enclosure 1 to this letter contains sensitive proprietary information and will not be made available to the public.

If you have any questions, please contact Ms. Tilda Liu at 404-997-4730, or via e-mail to tilda.liu@nrc.gov.

Sincerely,

/RA/

Brian W. Smith, Chief
Enrichment and Conversion Branch
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety
and Safeguards

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

Enclosures:

1. Safety Evaluation Report - Non-Public
2. Safety Evaluation Report - Redacted
3. Amendment 63 to LES Materials License
SNM-2010

cc: Jay Laughlin/LES
Perry Robinson/LES

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If you have any questions, please contact Ms. Tilda Liu at 404-997-4730, or via e-mail to tilda.liu@nrc.gov.

Sincerely,

/RA/

Brian W. Smith, Chief
Enrichment and Conversion Branch
Division of Fuel Cycle Safety, Safeguards,
and Environmental Review
Office of Nuclear Material Safety
and Safeguards

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

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Enclosures:

1. Safety Evaluation Report – Non-Public
2. Safety Evaluation Report - Redacted
3. Amendment 63 to LES Materials License
SNM-2010

cc: Jay Laughlin/LES
Perry Robinson/LES

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