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UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION II

245 PEACHTREE CENTER AVENUE NE, SUITE 1200
ATLANTA, GEORGIA 30303-1257

September 16, 2016

Gary J. Laughlin, Chief Nuclear Officer
and Head of Operations
URENCO USA
P.O. Box 1789
Eunice, NM 88231

SUBJECT: LOUISIANA ENERGY SERVICES, URENCO USA FACILITY – NUCLEAR
REGULATORY COMMISSION INTEGRATED INSPECTION REPORT NUMBER
70-3103/2016-402

Dear Mr. Laughlin:

This report documents the results of the information security inspection that was conducted on August 23-25, 2016, at the Louisiana Energy Services (LES), URENCO USA facility, located in Eunice, New Mexico. The purpose of this inspection was to review the status of corrective actions associated with Root Cause Evaluation (RCE) Report 2014-1521 and perform an independent assessment of the effectiveness of corrective actions to prevent recurrence of the identified deficient conditions to meet Nuclear Regulatory Commission (NRC) requirements. The enclosed report presents the results of this inspection. These results were discussed with members of your staff at an exit meeting held on August 25, 2016.

During the inspection, the NRC staff examined activities conducted under your license as they related to protection of classified information and to confirm compliance with the Commission's rules and regulations, and with the conditions of your license. Areas examined during the inspections are identified in the enclosed report. Within these areas, the inspections consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

Based on the results of the inspection, the NRC has determined that that one Severity Level IV violation of NRC requirements occurred. This violation is being treated as a Non-Cited Violation (NCV), consistent with Section 2.3.2 of the Enforcement Policy. This NCV is described in the subject inspection report. If you contest the violation or significance of this NCV, you should provide a response within 30 days of the date of this inspection report, with the basis for your denial, to the Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington DC 20555-0001, with copies to: (1) the Regional Administrator, Region II; (2) the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001.

The enclosure contains Sensitive Unclassified
Non Safeguards Information (Security-Related
Information). Upon separation, this cover letter
is DECONTROLLED.

In accordance with Title 10 of the *Code of Federal Regulations* (10 CFR) 2.390, "Public

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inspections, exemptions, requests for withholding," of the NRC's "Agency Rules of Practice and Procedure," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room, or from the Publicly Available Records (PARS) component of NRC's Agencywide Documents Access and Management System (ADAMS); accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

The material enclosed herewith contains Security-Related Information associated with the Classified Information Security safeguards program at the URENCO USA facility, and in accordance with 10 CFR 2.390(d)(1), its disclosure to unauthorized individuals could present a security vulnerability. Therefore, the material in the enclosure will not be made available electronically for public inspection in the NRC Public Document Room, or from the NRC's Agencywide Documents Access and Management System (ADAMS); accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

If you have any questions regarding the report please contact Tom Vukovinsky of my staff at (404) 997-4622.

Sincerely,

/RA/

Marvin D. Sykes, Chief
Projects Branch 1
Division of Fuel Facility Inspection

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

~~Enclosure:—~~
~~NRC Inspection Report 70-3103/2016-402~~
~~—w/Attachment:— Supplemental Information~~

cc: (See page 3)

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

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Marvin D. Sykes, Chief
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Enclosure:
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~~w/Attachment: Supplemental Information~~

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