



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

June 14, 2018

EA-18-023

Stephen R. Cowne, Chief Nuclear Officer  
and Compliance Manager  
URENCO USA  
P.O. Box 1789  
Eunice, NM 88231

**SUBJECT: LOUISIANA ENERGY SERVICES, LLC (LES), dba URENCO USA (UUSA) –  
NOTICE OF VIOLATION; NUCLEAR REGULATORY COMMISSION  
INSPECTION REPORT 70-3103/2018-006**

Dear Mr. Cowne:

This letter refers to the inspection conducted from December 11 through December 15, 2017, at the URENCO USA facility located in Eunice, New Mexico (Nuclear Regulatory Commission (NRC) Inspection Report No. 70-3103/2017-005, ADAMS Accession No. ML18029A107) and the subsequent in-office reviews performed from January 1 through March 31, 2018 (NRC Inspection Report No. 70-3103/2018-002, ADAMS Accession No. ML18102B168). The purpose of the inspection and in-office reviews was to determine whether licensed activities associated with Event Notification 53046, dated October 31, 2017, and its corresponding written follow-up report submitted on December 27, 2017 in accordance with 10 CFR 70.74 (ADAMS Accession No. ML17363A223), were conducted safely and in accordance with NRC requirements.

In the letter transmitting NRC Inspection Report 70-3103/2018-002, we provided you with the opportunity to address the apparent violation identified in the report by either attending a predecisional enforcement conference or by providing a written response before we made our final enforcement decision. In a letter dated May 10, 2018 (ADAMS Accession No. ML18135A082) you provided a response to the apparent violation.

Based on the information developed during the inspection and the information that you provided in your response to the inspection report, dated May 10, 2018, the NRC has determined that a violation of NRC requirements occurred. The violation is cited in the enclosed Notice of Violation (Notice) and the circumstances surrounding it are described in detail in NRC Inspection Report 70-3103/2018-002. The violation involved the failure to implement items relied on for safety (IROFS) for a product cylinder and was mainly attributed to lack of proper verification of cylinder pedigree and applicable safety controls information.

The violation did not result in actual consequences; however the safety controls credited by UUSA were not sufficient to meet the performance requirements in 10 CFR 70.61 for the applicable high-consequence accident sequence described in the facility's Integrated Safety Analysis (ISA) Summary document. The NRC's evaluation of the potential safety significance

determined that the likelihood of a high-consequence event was “unlikely” based on the ISA methodology and the management measures applied to the credited safety controls. Therefore, this violation has been categorized in accordance with the NRC Enforcement Policy at Severity Level III.

In accordance with the NRC Enforcement Policy, a base civil penalty in the amount of \$35,000 is considered for a Severity Level III violation.

Because your facility has been the subject of escalated enforcement actions within the last two years<sup>1</sup>, the NRC considered whether credit was warranted for *Identification* and *Corrective Action* in accordance with the civil penalty assessment process in Section 2.3.4 of the Enforcement Policy. Since you identified the violation, entered the issue into your NRC-credited corrective action program, and implemented corrective actions to address the cause of the violation, a civil penalty is not warranted in accordance with Section 2.3.4 of the Enforcement Policy. As stated in your response dated May 10, 2018 and documented in NRC Inspection Report 70-3103/2018-002, corrective actions included revision to the affected operating procedures and logistics software guides, and training for staff in the Operations and Logistics departments.

Therefore, to encourage prompt identification and comprehensive correction of violations, I have been authorized, after consultation with the Director, Office of Enforcement, not to propose a civil penalty in this case. However, significant violations in the future could result in a civil penalty. In addition, issuance of this Severity Level III violation constitutes escalated enforcement action that may subject you to increased inspection effort.

The NRC has concluded that information regarding: (1) the reason for the violation(s); (2) the corrective actions that have been taken and the results achieved; and (3) the date when full compliance was achieved is already adequately addressed on the docket in NRC Inspection Report No. 70-3103/2018-002 and your letter to the NRC, dated May 10, 2018. Therefore, you are not required to respond to this letter unless the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to provide additional information, you should follow the instructions specified in the enclosed Notice.

In accordance with 10 CFR 2.390 of the NRC's “Rules of Practice and Procedure,” a copy of this letter, its enclosure, and your response (if you choose to provide one) will be made available electronically for public inspection in the NRC Public Document Room and in 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>. To the extent possible, your response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction. If personal privacy or proprietary information is necessary to provide an acceptable response, please provide a bracketed copy of your response that identifies the information that should be protected and a redacted copy of your response that deletes such information. If you request withholding of such information, you must specifically identify the portions of your response that you seek to have withheld and provide in detail the bases for your claim of withholding (e.g., explain why the disclosure of information will create an unwarranted invasion of personal privacy or provide the information

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<sup>1</sup> Severity Level III violations were issued on March 3, 2017 (EA-15-218) with a \$17,500 civil penalty (ADAMS Accession No. ML17065A126).

required by 10 CFR 2.390(b) to support a request for withholding confidential commercial or financial information). The NRC also includes significant enforcement actions on its Web site at (<http://www.nrc.gov/reading-rm/doc-collections/enforcement/actions/>).

Sincerely,

*/RA/*

Catherine Haney  
Regional Administrator

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

Enclosure: Notice of Violation

cc: (See page 4)

cc:

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The Honorable Sam D. Cobb, Mayor  
City of Hobbs  
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Stephen Aldridge, Mayor  
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Jal, NM 88252

Chair Ron R. Black  
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Lea County Courthouse  
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(cc: cont'd on page 5)

(cc: cont'd)

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SUBJECT: LOUISIANA ENERGY SERVICES, LLC (LES), dba URENCO USA (UUSA) –  
 NOTICE OF VIOLATION; NUCLEAR REGULATORY COMMISSION INSPECTION  
 REPORT 70-3103/2018-006

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| NAME   | KKirchbaum    | L.Pitts   | CMiller         | CHaney  |           |           |  |
| DATE   | 5/23/2018     | 5/23/2018   | 6/12/2018       | 5/14/2018   |           |           |  |
| E-MAIL COPY?   | YES NO        | YES NO  | YES NO          | YES NO  | YES NO    | YES NO    | YES NO   |

## NOTICE OF VIOLATION

Louisiana Energy Services (LES), LLC  
(dba URENCO USA)  
Eunice, New Mexico

License No. SNM-2010  
Docket No. 70-3103  
EA-18-023

During a U.S. Nuclear Regulatory Commission (NRC) inspection performed at the Louisiana Energy Services (LES) (dba URENCO USA) uranium enrichment facility from December 11 through December 15, 2017 (NRC Inspection Report No. 70-3103/2017-005, ADAMS Accession No. ML18029A107), and subsequent in-office reviews performed from January 1 through March 31, 2018 (NRC Inspection Report No. 70-3103/2018-002, ADAMS Accession No. ML18102B168), a violation of NRC requirements was identified. In accordance with the NRC Enforcement Policy, the violation is listed below:

Title 10 of the *Code of Federal Regulations* (10 CFR) 70.62(d) requires, in part, that management measures shall ensure that engineered and administrative controls and control systems that are identified as items relied on for safety (IROFS) pursuant to 10 CFR 70.61(e) are designed, implemented, and maintained, as necessary, to ensure they are available and reliable to perform their function when needed, to comply with the performance requirements of 10 CFR 70.61.

10 CFR 70.61(a) requires, in part, that the licensee shall evaluate, in its Integrated Safety Analysis (ISA) performed in accordance with 10 CFR 70.62, its compliance with the performance requirements in 10 CFR 70.61(b).

10 CFR 70.61(b) requires, in part, that the risk of each credible high-consequence event must be limited. Engineered controls, administrative controls, or both, shall be applied to the extent needed to reduce the likelihood of occurrence of the event so that, upon implementation of such controls, the event is highly unlikely.

Contrary to the above, on September 7, 2017, the "Procedures" management measure for IROFS 16e and 16f did not ensure that these IROFS, which are identified in the ISA as IROFS needed to comply with the performance requirements of 10 CFR 70.61, were implemented and maintained, as necessary, to ensure they were available and reliable to perform their function when needed. Specifically, the implementing procedure for IROFS 16e and 16f, Procedure OP-3-0420-01, "Product System," did not provide adequate guidance to verify the type of cylinder to be processed on the licensee's logistics software and ensure that the correct IROFS 16 was implemented. Consequently, prior to filling a 30B cylinder with enriched UF<sub>6</sub>, operators failed to verify that the cylinder being loaded was a heeled cylinder and performed the incorrect IROFS that corresponded to a new/cleaned cylinder. As a result, the appropriate IROFS were not applied to limit the risk of a credible high-consequence event during product cylinder loading to the extent needed to reduce the likelihood of occurrence so that the event was highly unlikely.

This is a Severity Level III violation (Section 6.2.c.1).

Enclosure

The NRC has concluded that information regarding the reason for the violation, the corrective actions taken to correct the violation and prevent recurrence, and the date when full compliance was achieved, is already adequately addressed on the docket in NRC Inspection Report No. 70-3103/2018-002 (ADAMS Accession No. ML18102B168) and the letter from Mr. Stephen R. Cowne to the NRC dated May 10, 2018 (ADAMS Accession No. ML18135A082). However, you are required to submit a written statement or explanation pursuant to 10 CFR 2.201 if the description therein does not accurately reflect your corrective actions or your position. In that case, or if you choose to respond, clearly mark your response as a "Reply to a Notice of Violation, (EA-15-023)," and send it to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, DC 20555-0001 with a copy to the Regional Administrator, Region 2, within 30 days of the date of the letter transmitting this Notice of Violation (Notice).

If you choose to respond, your response will be made available electronically for public inspection in the NRC Public Document Room or in 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>. Therefore, to the extent possible, the response should not include any personal privacy, proprietary, or safeguards information so that it can be made available to the Public without redaction.

In accordance with 10 CFR 19.11, you may be required to post this Notice within two working days of receipt.

Dated this 14<sup>th</sup> day of June 2018.