

FEB 09 2012

LES-12-00020-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: Response to Apparent Violations EA-11-255

Reference: 1. Letter from B. Stapleton (NRC) to G. Laughlin (LES) U.S. Nuclear
Regulatory Commission Inspection Report 07003103/2011202, dated
December 1, 2011

In response to the Ref. 1 NRC Notice of Violation (Notice) URENCO USA (UUSA)
herewith provides the enclosed Reply (Enclosure) to address the two apparent
violations that are being considered as Severity IV violations.

Pursuant to the provisions of 10 CFR 2.201(a) and the NRC's corresponding
instructions specified in the Notice, the Enclosure addresses for each of the two
Violations 1) the reason for the apparent 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.

Should there be any questions regarding this submittal, please contact Zackary Rad,
UUSA Licensing Manager, at 575-394-6689.

Respectfully,



Zackary W. Rad for
Perry D. Robinson
VP Regulatory Affairs & General Counsel

Enclosure: Response to Apparent Violations EA-11-255

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ENCLOSURE

Response to Apparent Violations EA-11-255

Restatement of Apparent Violations:

1) During the NRC inspection of the ETUS classification program on August 23, 2011 through August 25, 2011, 20 CRD documents reviewed cited the wrong version of the LES classification guide, did not cite the issue date of the classification guide, and contained a declassification instruction that is not authorized for Restricted Data documents. As a result, 20 CRD documents were improperly marked in violation of 10 CFR 95.37, "Classification and Preparation of Documents".

2) During the NRC inspection of the ETUS classification program on August 23, 2011 through August 25, 2011, a document that was marked as unclassified was found to contain classified information. As a result, a document containing CRD was improperly classified and marked in violation of 10 CFR 95.37, "Classification and Preparation of Documents".

UUSA Reply to Apparent Violations 1 & 2

The Reason for Apparent Violation 1:

The NRC identified 20 documents that did not meet the regulatory requirement. The violation of each document involved the Derivative Classifier stamp and the accuracy of the required information on the stamp. The purpose of the classification stamp ensures that a qualified individual has reviewed the document using the appropriate classification guide or source documentation. It should be noted that Enrichment Technology US (ETUS) uses pre-printed labels that contain the derivative classification information. There were three findings associated with the Derivative Classification stamp:

1. Each of the 20 documents referenced a superseded classification guide. The classification guide cited by ETUS was CG-LCP-3A which was replaced in June of 2010 with CG-LCP-4A. ETUS failed to update their labels with the correct classification guide. It was verified that ETUS was using the correct and current classification guide.
2. The labels (stamp) did not cite the issue date of the classification guide. The derivative classification stamp requires that the effective date of the classification guide be identified. ETUS failed to update the effective date of the classification guide on the pre-printed labels.
3. The labels contained declassification instructions which are not authorized for the Restricted Data. No licensee possesses the authority to declassify Restricted Data. Declassification authority rests exclusively with the Department of Energy (DOE).

The Authorized Derivative Classifier (ADC) failed to ensure the classification information on the labels was correct and up to date. UUSA Procedure SY-3-7000-04, "Classification and Marking of Classified Matter", provides specific guidance for the derivative classification stamp. Additionally, the ADC Training addresses the specific requirements for the classification stamp as well how it is to be used and how the required information is documented.

The reason for Apparent Violation 1 was human performance errors in failing to use proper Restricted Data stamping information and Classification Guide information. The ADC is responsible for ensuring that all classification information contained within the ADC stamp or pre-printed label is accurate and up to date.

The Reason for Apparent Violation 2:

The NRC also identified a document that was marked as classified but contained Confidential Restricted Data (CRD). This document was improperly marked and in violation of the regulatory requirement for the marking of classified information. Specifically, there was a single page of information found in the document that contained CRD. The investigation revealed that the information deemed to be CRD was taken from another document that was classified and marked as CRD. By using information from a classified source, the originator (A Qualified ADC) was responsible for ensuring that a classification review was completed for the newly developed document.

The reason for Apparent Violation 2 was a human performance error in failing to identify and mark CRD in accordance with the procedural requirements in place at the time. In accordance with UUSA Procedure SY-3-7000-04 "Classification and Marking of Classified Matter" the originator of potentially classified information is responsible for ensuring that a classification review is completed.

The Corrective Steps That Have Been Taken and the Results Achieved for Apparent Violations 1 and 2:

Condition Report 2011-111 was generated and an Apparent Cause Evaluation was completed.

The corrective actions to address the apparent cause focus on human performance. The procedures in place provide adequate instruction to the ADC for the classification and marking of classified information. The training for derivative classification also addresses the review and marking responsibilities for ADCs. For these reasons the following corrective actions have been taken to correct and mitigate the conditions identified in the apparent violation:

- UUSA Security performed an inspection of all classified documents in the Centrifuge Assembly Building.

necessary corrections were made and that all processes for the classification and marking are within all regulatory and procedural requirements.

- ETUS conducted remedial training for all of their ADCs to ensure all classification reviews and markings are administered as required.

The Corrective Steps That Will Be Taken to Avoid Future Violations 1and 2:

The steps taken related to ADC training and human performance will serve to avoid future violations.

The Date When Full Compliance Will Be Achieved for Violations 1and 2:

ETUS along with UUSA conducted a 100% inventory of classified documents and checked every document to ensure all documents are properly marked. This action was completed and full compliance was achieved November 2, 2011.