

August 25, 2006

EA-06-193

Mr. Karl Gross
Licensing Manager
Louisiana Energy Services
P.O. Box 1789
Eunice, NM 88231

SUBJECT: ISSUANCE OF ORDER IMPOSING REQUIREMENTS FOR PROTECTING
CERTAIN SAFEGUARDS INFORMATION

Dear Mr. Gross:

The U.S. Nuclear Regulatory Commission (NRC or Commission) has issued the enclosed Order (Enclosure 1) requiring you to implement specific requirements to ensure proper handling and protection of Safeguards Information (SGI) to avoid unauthorized disclosure. On August 8, 2005, the President signed into law the Energy Policy Act of 2005 (EPAct). The EPAct amended the Atomic Energy Act (AEA) of 1954 to require fingerprinting and a Federal Bureau of Investigation (FBI) identification and criminal history records check of any person permitted access to new SGI as described in the attached Order.

NRC has taken this action because, on March 19, 2004, it provided you with draft guidance for physical protection programs that included SGI. In the future, NRC may also issue additional Orders, containing SGI, related to your security programs. Under Section 147 of the Atomic Energy Act of 1954, as amended, the Commission has authority to "... issue such orders, as necessary, to prohibit the unauthorized disclosure of safeguards information...." The Order you are receiving directs you to protect this information from unauthorized disclosure, in accordance with "Modified Handling Requirements for Protection of Certain Safeguards Information (SGI-M)" (Attachment A to Enclosure 1); and "Trustworthiness and Reliability Requirements for Individuals Handling Safeguards Information" (Attachment B to Enclosure 1). We are also providing as guidance, "Designation Guide for Safeguards Information" (Enclosure 2), to assist you in making determinations about what information needs to be protected as SGI.

The enclosed Order also directs you not to share new SGI with any recipient unless that person has a need to know the new SGI, has been fingerprinted and undergone an FBI identification and criminal history records check, the fingerprint check has been favorably decided, and satisfies all other applicable requirements for access to new SGI. These requirements also apply to any individual who has not been previously granted access to SGI, regardless of when the SGI was generated. Fingerprinting and the FBI identification and criminal history records check are not required, however, for any person who is relieved from that requirement by 10 CFR 73.59 or has an active Federal security clearance. This Order is effective immediately.

K. Gross

- 2 -

It is the staff's understanding that to ensure adequate protection of your facility and associated special nuclear material, you may need to share new SGI with individuals that meet the above criteria. The Order also directs you to provide a copy of this Order to such individuals. By doing so, you are informing these individuals that this Order also applies to them. Unauthorized disclosure of SGI may result in civil or criminal penalties.

In addition to this Order, NRC is also planning on issuing additional Orders for programs to protect SGI that include additional new requirements on fingerprinting and criminal history checks. These Orders are expected to be issued no later than September 2006.

Orders contain requirements that licensees or certificate holders must implement. You must respond to this Order by filing a written answer, under oath or affirmation, consenting to the Order, or providing the reasons why you believe the Order should not have been issued. The enclosed Order requires that you respond to the Order within twenty (20) days of receipt.

A copy of the enclosed Order has also been forwarded to the Office of the Federal Register for publication.

Please contact Timothy C. Johnson at 301-415-7299 to facilitate resolution of any issues or questions related to compliance with the requirements in the enclosed Order.

Sincerely,

/RA/

Jack R. Strosnider, Director
Office of Nuclear Material Safety
and Safeguards

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

Enclosures:

1. Order
2. SGI Designation Guidance

cc w/o enclosure:

William Szymanski/DOE
Monty Newman/Hobbs
Peter Miner/USEC
Glen Hackler/Andrews
Lue Ethridge/Lea County
Michael Marriotte/NIRS
Derrith Watchman-Moore/NM
Tannis Fox/NMED
Lindsay Lovejoy/NIRS

Fred Seifts/Jal
James Curtiss/W&S
Betty Richman/Tatum
William Floyd/New Mexico
Richard Ratliff/Texas
CO'Claire/Ohio
Joseph Malherek/PC
Patricia Madrid/NMAG
John Swailes/LES

Karl Gross/LES
Troy Harris/Lovington
James Ferland/LES
Matt White/Eunice
Lee Cheney/CNIC
Roger Mulder/Texas
Ron Curry/NMED
Glen Smith/NMAG

K. Gross

- 2 -

Please contact Timothy C. Johnson at 301-415-7299 to facilitate resolution of any issues or questions related to compliance with the requirements in the enclosed Order.

Sincerely,

/RA/

Jack R. Strosnider, Director
Office of Nuclear Material Safety
and Safeguards

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

Enclosures:

1. Order
2. SGI Designation Guidance

cc w/o enclosure:

William Szymanski/DOE
Monty Newman/Hobbs
Peter Miner/USEC
Glen Hackler/Andrews
Lue Ethridge/Lea County
Michael Marriotte/NIRS
Derrith Watchman-Moore/NM
Tannis Fox/NMED
Lindsay Lovejoy/NIRS

Fred Seifts/Jal
James Curtiss/W&S
Betty Richman/Tatum
William Floyd/New Mexico
Richard Ratliff/Texas
CO'Claire/Ohio
Joseph Malherek/PC
Patricia Madrid/NMAG
John Swailes/LES

Karl Gross/LES
Troy Harris/Lovington
James Ferland/LES
Matt White/Eunice
Lee Cheney/CNIC
Roger Mulder/Texas
Ron Curry/NMED
Glen Smith/NMAG

DISTRIBUTION:

Docket: 70-3103

FCSS r/f

JGiitter/SPB

KEverly/NSIR

JHenson/RegII

LES Website-No

SPB r/f

MBupp/OGC

DMcIntyre/OPA

RHannah/RegII

RidsNmssOd

TCombs/OCA

RVirgilio/OSTP

KClark/RegII

RidsEdoMailCenter

DSeymour/RegII

RTrojanowski/RegII

WMaier/RegIV

ML062350528

OFFICE	GCFLS	GCFLS	NMSS	IMNS	NSIR	OGC (NLO)
NAME	TCJohnson	LWilliamson	Tech. Ed.	CMiller	DDorman	JGoldberg
DATE	7/ 25 /06	7/ 25 /06	7/ 28 /06	7/ 27 /06	7/ 31 /06	8/ 17 /06
OFFICE	GCFLS	SPB	FCSS	OE	NMSS/OD	
NAME	BSmith	JGiitter	RPierson	CCarpenter	JStrosnider	
DATE	8/17 /06	8 /17 /06	8/17 /06	8/ 22 /06	08/ 25 /06	

OFFICIAL RECORD COPY