



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

March 14, 2012

Gary J. Laughlin, Chief Nuclear Officer
and Head of Technical Services
Louisiana Energy Services, L.L.C.
P.O. Box 1789
Eunice, NM 88231

**SUBJECT: LOUISIANA ENERGY SERVICES, L.L.C., NATIONAL ENRICHMENT FACILITY,
LICENSEE PERFORMANCE REVIEW OF LICENSED ACTIVITIES (NRC
INSPECTION REPORT 70-3103/2012-001)**

Dear Mr. Laughlin:

Managers and staff in our Region II office, the Office of Nuclear Material Safety and Safeguards, and the Office of Nuclear Security and Incident Response, completed a review of your performance in conducting NRC licensed operations and construction activities at the Louisiana Energy Services National Enrichment Facility (LES NEF). The review evaluated your performance during the period beginning January 1, 2011, and ending December 31, 2011.

LES NEF's performance of operations activities was evaluated in five major areas: Safety Operations, Safeguards, Radiological Controls, Facility Support, and Special Topics. This Letter, and Enclosure 1, provide the results of our review, and will be used as a basis for establishing the NRC oversight program for your conduct of operations activities during the next review period.

LES NEF continued to conduct its activities safely during the review period. Our review found that the areas of safety operations, radiological controls, facility support, and special topics were adequately implemented and no areas needing improvement were identified. Findings continued to be identified in the area of nuclear criticality safety that were not considered risk significant, and therefore, did not warrant the identification of an area needing improvement. However, the findings continue to indicate more attention is needed in your criticality safety program, including a potential weakness in management oversight of the program; therefore, the NRC intends to continue to provide additional focus in this area and plans on expending inspection hours similar to the last performance period.

LES NEF's performance of construction activities was evaluated in three major areas: Management Measures, Facility Construction, and Facility Support. Management measures include quality assurance, design controls, configuration management, procedures, audits, assessments, and records management. Facility construction includes geotechnical/foundation activities, structural concrete, structural steel, structural supports, piping systems, nuclear welding, and mechanical and electrical instrument components. Facility support includes training and qualification of plant personnel and special topics. For this review, special topics only included licensing activities.

G. Laughlin

This letter and Enclosure 2 provide the results of our review, and will be used as a basis for establishing the NRC oversight program for your conduct of construction activities during the next review period. We concluded that overall LES NEF construction activities were conducted in an acceptable manner. The quality assurance (QA) inspection findings that were identified during the period were evaluated to be of low safety significance and, as a result, the staff's review concluded that no area needing improvement was warranted.

A significant number of non-compliance issues were identified early in the period involving QA oversight of commercial grade dedication (CGD) activities. As a result, we held a management meeting with you in July 2011 and increased inspection oversight during the assessment period for CGD activities while LES NEF implemented various corrective actions to address the issues identified. We have since determined that the corrective actions LES NEF took to address the recurring issues have been effective; therefore, this area is not identified as an area needing improvement in accordance with IMC 2696.

Based on LES NEF's performance during this period, as documented in our inspection reports, and the decreased level of ongoing construction activities as you continue to transition facilities and equipment to operational status, we will extend the next review period to the standard 24 months which is consistent with an operational facility.

The results of our review will be discussed with you at your facility during a meeting open to the public on April 10, 2012. During the meeting, you will have the opportunity to discuss your view of your performance in the major areas that the NRC evaluated.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room).

Questions and comments about the NRC's review of LES NEF's performance should be directed to Mr. Joselito Calle, who can be reached by telephone at 404-997-4418.

Sincerely,

/RA/

Anthony T. Gody, Director
Division of Fuel Facility Inspection

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

Enclosures:

1. Operations Licensee Performance Review
2. Construction Licensee Performance Review

cc w/encls:
(See next page)

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ADAMS: ☒ Yes ACCESSION NUMBER: ML12074A011 ☒ SUNSI REVIEW COMPLETE ☒ FORM 665 ATTACHED

OFFICE	RII:DFFI	RII:DFFI	NMSS	RII:CCI			
SIGNATURE	/RA/	/RA/	/RA M. Bailey for/	/RA/			
NAME	D. Hartland	J. Calle	J. Kinnenman	J. Yerokun			
DATE	3/5/2012	3/5/2012	3/9/2012	3/9/2012			
E-MAIL COPY	YES NO	YES NO	YES NO	YES NO			

G. Laughlin

Letter to: Mr. Gary Laughlin from Anthony Gody dated March 13, 2012.

SUBJECT: LOUISIANA ENERGY SERVICES, L.L.C., NATIONAL ENRICHMENT FACILITY
LICENSEE PERFORMANCE REVIEW OF LICENSED ACITVITIES (NRC
INSPECTION REPORT 70-3103/2012/001)

Distribution w/encls:

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cc w/encls:

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**OPERATIONS LICENSEE PERFORMANCE REVIEW FOR LOUISIANA ENERGY SERVICES,
L.L.C., NATIONAL ENRICHMENT FACILITY (LES NEF)
ASSESSMENT PERIOD: JANUARY 1, TO DECEMBER 31, 2011**

The following is a summary of the performance of the National Enrichment Facility in the conduct of NRC-licensed activities.

PERFORMANCE AREA: SAFETY OPERATIONS

This area is comprised of plant operations, nuclear criticality safety, and fire protection.

Program Areas Needing Improvement

- No specific areas needing improvement were identified in Safety Operations.

PERFORMANCE AREA: RADIOLOGICAL CONTROLS

This area is comprised of radiation protection, environmental protection, waste management, and transportation.

Program Areas Needing Improvement

- No specific areas needing improvement were identified in Radiological Controls.

PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of maintenance and surveillance, training, emergency preparedness, management organization and controls, and permanent plant modifications.

Program Area Needing Improvement

- No specific areas needing improvement were identified in Facility Support.

PERFORMANCE AREA: SPECIAL TOPICS

This area is comprised of safety licensing.

Program Areas Needing Improvement

- No specific areas needing improvement were identified in Special Topics.

**CONSTRUCTION LICENSEE PERFORMANCE REVIEW
LOUISIANA ENERGY SERVICES, L.L.C., NATIONAL ENRICHMENT FACILITY (LES NEF)
ASSESSMENT PERIOD: JANUARY 1, THROUGH DECEMBER 31, 2011**

The following is a summary of the performance of LES NEF activities in the conduct of NRC authorized construction activities.

PERFORMANCE AREA: MANAGEMENT MEASURES

This area is comprised of quality assurance, design controls, configuration management, procedures, audits, assessments, and records. Quality assurance includes program implementation; design and document control; control and inspection of materials, equipment, and services; problem identification, resolution, and corrective action; 10 CFR Part 21 reporting; control of electronic management data; supplier and vendor inspections; and safety interfaces.

Program Areas Needing Improvement

- No specific areas needing improvement were identified in Management Measures.

PERFORMANCE AREA: FACILITY CONSTRUCTION

This area is comprised of geotechnical/foundation activities, structural concrete, structural steel, structural supports, piping systems, nuclear welding, and mechanical, electrical, and instrument components.

Program Areas Needing Improvement

- No specific areas needing improvement were identified for Facility Construction.

PERFORMANCE AREA: FACILITY SUPPORT

This area is comprised of training and qualifications of plant personnel and special topics. For this review, special topics only include licensing activities.

Program Areas Needing Improvement

- No specific areas needing improvement were identified for Facility Support.