



SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION

1. CERTIFICATE/QUALITY ASSURANCE PROGRAM (QAP) HOLDER:

Louisiana Energy Services, d.b.a, URENCO USA (UUSA)
P.O. Box 1789
Eunice, New Mexico 88231

2. NRC/REGIONAL OFFICE

Headquarters
U. S. Nuclear Regulatory Commission
Mail Stop TWFN 4B-34
Washington, DC 20555-0001

REPORT NUMBER(S)

071-0940/2020-201

3. CERTIFICATE/QAP DOCKET NUMBER(S)

QAP 71-0940

4. INSPECTION LOCATION

Remote Inspection Performed by NRC
Headquarters Staff Working at Home

5. DATE(S) OF INSPECTION

May 4-8, 2020

CERTIFICATE/QUALITY ASSURANCE PROGRAM HOLDER:

The inspection was an examination of the activities conducted under your QAP as they relate to compliance with the Nuclear Regulatory Commission (NRC) rules and regulations and the conditions of your QAP Approval and/or Certificate(s) of Compliance. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector. The inspection findings are as follows:

- ☒ 1. Based on the inspection findings, no violations were identified.
- ☒ 2. Previous violation(s) closed.
- ☐ 3. The violation(s), specifically described to you by the inspector as non-cited violations, are not being cited because they were self-identified, non-repetitive, and corrective action was or is being taken, and the remaining criteria in the NRC Enforcement Policy, to exercise discretion, were satisfied.

Non-cited violation(s) was/were discussed involving the following requirement(s) and Corrective Action(s):

- ☐ 4. During this inspection, certain of your activities, as described below and/or attached, were in violation of NRC requirements and are being cited in accordance with NRC Enforcement Policy. This form is a NOTICE OF VIOLATION, which may be subject to posting in accordance with 10 CFR 19.11.
(Violations and Corrective Actions)

Statement of Corrective Actions

I hereby state that, within 30 days, the actions described by me to the inspector will be taken to correct the violations identified. This statement of corrective actions is made in accordance with the requirements of 10 CFR 2.201 (corrective steps already taken, corrective steps which will be taken, date when full compliance will be achieved). I understand that no further written response to NRC will be required, unless specifically requested.

TITLE	PRINTED NAME	SIGNATURE	DATE
CERTIFICATE/QAP REPRESENTATIVE	Jim Rickman, URENCO Licensing Specialist III		5/21/2020
NRC INSPECTOR	Jon N. Woodfield		6/5/2020
BRANCH CHIEF	Leira Cuadrado		

INSPECTOR NOTES COVER SHEET

Licensee/Certificate Holder (name and address)	Louisiana Energy Services, d.b.a, URENCO USA (UUSA) P.O. Box 1789 Eunice, New Mexico 88231
Licensee/Certificate Holder contacts and phone number	Jim Rickman, URENCO Licensing Specialist III (575) 394-6558 (office)
Docket No.	071-0940
Inspection Report No.	71-0940/2020-201
Inspection Date(s)	May 4-8, 2020
Inspection Location(s)	Remote Inspection Performed by NRC Headquarters Inspection Staff Working from Home
Inspectors	Jon Woodfield, Team Leader, Safety Inspector Matthew Learn, Safety Inspector
Summary of Findings and Actions	<p>This inspection was a limited scope follow-up inspection resulting from the first routine periodic assessment of UUSA's user only Quality Assurance Program (QAP) implementation, which was performed in April 2019.</p> <p>During this inspection, the team assessed UUSA's corrective actions taken in response to the April 2019 inspection in the areas of management and maintenance controls for compliance to 10 CFR Part 71, 10 CFR Part 21, and UUSA's NRC approved QAP.</p> <p>Overall, the team assessed that UUSA had taken adequate corrective actions for the various issues documented in UUSA event reports under its corrective action program and the one violation issued from the 2019 inspection. The inspection team determined that URENCO USA was adequately implementing their QA program regarding Quality Assurance, Management Controls, and Maintenance Controls.</p>
Lead Inspector Signature/Date	Jon N. Woodfield <i>Jon N. Woodfield 6/5/2020</i>
Inspector Notes Approval Branch Chief Signature/Date	Leira Cuadrado

Inspection History

The last on-site inspection of the Eunice, New Mexico URENCO USA (UUSA) facility was performed in April 2019. This inspection was the first routine periodic assessment of UUSA's user only Quality Assurance Program (QAP) implementation. The team assessed UUSA's management and maintenance controls for compliance to 10 CFR Part 71, 10 CFR Part 21, and UUSA's NRC approved QAP. Overall, the team assessed that UUSA was adequately implementing their QA program regarding Quality Assurance, Management Controls, and Maintenance Controls. One Non-cited Severity Level IV Violation was identified by the inspection team. Contrary to the requirements of 10 CFR 71.115, "Control of purchased material, equipment, and services," UUSA failed to perform an audit of a contractor that provided the majority contract services to perform the required annual maintenance on UX-30 transportation packages used for shipping 30-inch uranium hexafluoride cylinders. UUSA acknowledged the issue and captured it in their corrective action program. The inspection report is at ADAMS ML19225D176.

On January 12, 2009, UUSA was granted an NRC 10 CFR Part 71 QAP Approval. The Eunice, New Mexico UUSA facility was opened on June 11, 2010 and had never been inspected by NRC headquarters 10 CFR Part 71 inspectors until the April 2019 inspection.

Inspection Purpose

The general purpose of the inspection was to assess UUSA's transportation activities for compliance with 10 CFR Parts 21 and 71, and to verify that the transportation packagings for which UUSA is strictly a user, can be verified to comply with Part 71 and the Certificate of Compliance (CoC) in procurement of spare parts, repair, maintenance, and use requirements, as applicable. The focus of the inspection was to determine whether UUSA's 10 CFR Part 71 user only activities are in accordance with their NRC-approved user only QA program requirements and that the packagings they use for the transportation of radioactive materials are being properly used and maintained.

The specific purpose of this inspection was to follow-up on the UUSA event reports written from the April 2019 inspection. The focus was on the event report written to address the external audit of the company RSB, which performed UX-30 maintenance for UUSA and the controlling of UX-30 quality documents and storage at the Eunice, New Mexico facility. Also, the inspection team was to review any new Part 21 and 71.95 reports written since the 2019 inspection and associated event reports.

Primary Inspection Procedures/Guidance Documents

IP-86001, "Design, Fabrication, Testing, and Maintenance of Transportation Packagings"
NUREG/CR-6407, "Classification of Transportation Packaging and Dry Spent Fuel Storage System Components According to Importance to Safety"
NUREG/CR-6314, "Quality Assurance Inspections for Shipping and Storage Containers"

Regulatory Guide 7.10, "Establishing Quality Assurance Programs for Packaging Used in the Transport of Radioactive Material"

INSPECTOR NOTES: ITEMS REVIEWED BY THE INSPECTION TEAM DURING THE LIMITED SCOPE INSPECTION

Review of UUSA 10 CFR 71.95 Reports Written Since the April 2020 Inspection

The team reviewed the one UUSA 71.95 Report sent to the NRC since April 2019, LES-19-178 NRC. The report was for a missing 30-inch uranium hexafluoride cylinder valve cap gasket and not UX-30 issues. The team also verified that the actual transportation issue reported to the NRC through the 71.95 report was put into UUSA's corrective action program to prevent the issue from reoccurring. The team reviewed associated event report EV134994 and assessed that the resolution was adequate. The team again reviewed UUSA procedure LS-3-1000-05, "Notifications and Event Reporting," Revision 17 since it addressed 71.95 reporting to determine if any changes had been made since April 2019. The team determined that while the procedure was generic, it still covered 71.95 reporting adequately. No Part 21 reports had been made to the NRC since April 2019.

Review of Event Report EV 132498, Which Was Written to Retrieve Quality Records for UX-30s Owned by UUSA's Parent Company

This event report was written during the April 2019 inspection to retrieve copies of the quality records for the UX-30's owned by UUSA's parent company located in the United Kingdom (UK). UUSA uses six UX-30 transportation packages which were purchased by its parent company in the UK from United States manufacturers. Copies of these quality records are not readily available at the Eunice, New Mexico facility. The team determined that this event report had not been completed and closed. The team was disappointed to see that this had not been closed within a year. UUSA stated that it was still working on developing a process to have the UX-30 records in the UK readily available for UUSA. The team determined there was no safety issue since the quality records were available in the UK, just not readily available for review.

Review of EV 131819, Which was Written for UUSA Not Providing QAP Biannual Updates to the NRC in Accordance with Regulation 10 CFR 71.106

The team reviewed the closure of EV131819 which had been written in April 2019 to address why the NRC had not received any QAP biannual updates in accordance with regulation 10 CFR 71.106. The resolution was UUSA revised attachment 1 to procedure LS-3-1000-03, "Routine and Periodic Reports to Regulatory Agencies," to add this reporting requirement. The team asked UUSA why the reporting date of every second year was August 31 instead of August 28, which was the approval date on the latest NRC Form 311 issued to UUSA. UUSA stated it did not know why the date was August 31 and wrote event report EV138073 to change the date on attachment 1 in the procedure to August 28. The team assessed that after

correcting the reporting date, UUSA will have procedures in place to provide QAP biannual updates to the NRC in accordance with the regulations.

Sample Review of the Latest UX-30 Prior to Shipping Inspection Records and Annual Maintenance Inspection Records for Procedure Compliance

The team reviewed the following procedures addressing prior to shipping and annual maintenance inspections:

- LO-3-2000-01, "Receipt and Shipment of Cylinders," Revision 21
- LO-3-4000-01, "Annual Overpack Inspection," Revision 9
- QA-3-3000-02, "QC Inspector Training and Qualification," Revision 8
- QA-3-3000-03, "Visual Examinations," Revision 3
- QA-3-3-3000-17, "Welding Inspection," Revision 10

The team reviewed the latest prior to shipping and annual maintenance records for seven of the thirty-six UX-30s UUSA uses; two owned by UUSA's parent company in the UK and five UUSA leases from a company called RSB. The team did find a few documentation issues with these quality inspection records. However, none of the documentation issues were significant enough to invalidate the inspections or deem the UX-30 unsafe for transport. UUSA documented the issues on three separate event reports (EV 138086, EV 138089, EV 138091).

Review of UUSA Records Management and Document Control Procedures Since due to Time Constraints During the 2019 Inspection this Area was not Reviewed In-depth

The team reviewed the following procedures addressing records management and document controls:

- RM-2-2000-01, "Records Retention," Revision 11
- RM-3-2000-01, "Records Management Program," Revision 22
- RM-3-3000-01, "Control of Documents," Revision 19
- RM-4-2000-01, "Instructions for Processing Incoming Records," Revision 6

The team found all the procedures reviewed to be detailed and provide adequate direction for controlling quality records and controlling revisions of documents such as procedures with no concerns. The team noted that RM-2-2000-01 provided the guidance needed to classify quality records into categories and provided tables stating the associated retention time period of those records based on their category and applicable regulations.

Review of Event Report EV 123188, Which was Written to Address Deficiencies in the UUSA QAP

The team reviewed event report EV 123188 which was written prior to the NRC's April 2019 inspection to address deficiencies in the UUSA Quality Assurance Program. At the time of this

inspection, the event report was closed, and its final resolution transferred to UUSA QA staff to develop a lower tier Quality Assurance document for use by its general staff that just addresses Part 71 requirements. UUSA stated that this new document is still under development and currently there are no plans to submit it to the NRC for review once it is completed. The current UUSA Quality Assurance Program Description (QAPD) that addresses Part 70 and Part 71 will remain the official NRC approved QAPD. The team assessed that for UUSA to develop a lower tier quality assurance document just for the requirements of 10 CFR Part 71 Subpart H will improve its staff's understanding of transportation packaging quality requirements.

Review of Event Report EV 131849, Which was Written to Address the Audit Scope not Being Entered into the Annual Audit Schedule

The team reviewed the resolution of event report EV 131849, "Audit scope not entered into the annual audit schedule." During the April 2019 inspection, the inspectors identified that the audit schedule did not include all the information required by the QA audit procedure QA-3-2000-01, "Quality Assurance Audit" Revision 20. QA-3-2000-01, Section 5.1.2 e. requires the audit schedule include audit criteria, scope, frequency, and method of audits. As a corrective action, UUSA updated the audit schedule with the information required in QA-3-2000-01. UUSA subsequently revised QA-3-2000-01 to delete the requirements for having the audit scope and method in the annual audit schedule as the audit schedule requirements are not from NQA-1-1994, Basic Requirement 18S-1 or the UUSA QAPD, Rev. 41 Section 18, Audits. The team assessed that the corrective actions were adequate with no concerns.

Review of Event Report EV 131846, Which was Written to Address the 2019 Violation for the Protective Shipping Package (UX-30) Supplier Not Being on UUSA's Approved Supplier List (ASL)

The team reviewed the resolution of event report EV 131846, "Protective shipping package supplier not on UUSA approved supplier list (ASL)." During the previous inspection, the inspectors identified that UUSA did not perform an evaluation to add a supplier, RSB Logistic Inc., to their ASL as required in Section 5.5 of QA-3-2000-08 "Approved Supplier List." RSB Logistic Inc. at the time provided contract services to perform the required annual maintenance/inspections on the UX-30 transportation packages UUSA leases from them. As a result, UUSA did not implement QA-3-2000-01, "Quality Assurance Audit," to schedule, prepare, and perform an audit of the service provider to assess the effectiveness of the control of quality by the contractor in accordance with the requirements of 10 CFR Part 71, subpart H and ASME NQA-1-1994, QA Program requirements. UX-30 annual maintenance/inspections is a required condition of the UX-30 Certificate of Compliance 9196. The team assessed during the April 2019 inspection that this was a violation of NRC regulation 10 CFR 71.115(c). 10 CFR 71.115, "Control of purchased material, equipment, and services," states in paragraph (c), in part, that the licensee shall assess the effectiveness of the control of quality by contractors at intervals consistent with the importance, complexity, and quantity of the products or service.

As a corrective action, UUSA's contractor, RSB Logistic Inc., contracted with a company named Daher to perform UX-30 annual maintenance/inspections required by Certificate of Compliance 9196. Daher possesses an NRC approved Quality Assurance Program and was subsequently audited by UUSA. As a final resolution, UUSA subsequently decided to perform all UX-30 annual maintenance/inspections by its own staff under their own NRC approved Quality Assurance Program. The inspectors reviewed a sample of UX-30 annual maintenance activities and determined that the maintenance activities were performed under an approved Quality Assurance Program and were performed in accordance with requirements of the Certificate of Compliance 9196 with no concerns.