

July 6, 2004

MEMORANDUM TO: Joseph G. Giitter, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards

THRU: Brian W. Smith, Chief /RA/
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

FROM: Timothy C. Johnson /RA/
Senior Mechanical Systems Engineer
Gas Centrifuge Facility Licensing Section
Special Projects Branch, FCSS

SUBJECT: JUNE 24, 2004, MEETING SUMMARY: LOUISIANA ENERGY
SERVICES QUARTERLY MANAGEMENT MEETING

On June 24, 2004, U.S. Nuclear Regulatory Commission (NRC) staff met with management staff from Louisiana Energy Services (LES) to discuss management issues applicable to the LES gas centrifuge uranium enrichment plant project proposed to be located in Eunice, New Mexico. I am attaching the meeting summary for your use. This summary contains no proprietary or classified information.

Docket: 70-3103

Attachment: Louisiana Energy Services
Meeting Summary

cc:	William Szymanski/DOE	Claydean Claiborne/Jal	Rod Krich/LES
	Monty Newman/Hobbs	James Curtiss/W&S	Troy Harris/Lovington
	Peter Miner/USEC	Betty Richman/Tatum	James Ferland/LES
	Glen Hackler/Andrews	William Floyd/New Mexico	James Brown/Eunice
	Dennis Holmberg/Lea County	Richard Ratliff/Texas	Lee Cheney/CNIC
	Michael Marriotte/NIRS	Jerry Clift/Hartsville	CO'Claire/Ohio
	Derrith Watchman-Moore/NM	Joseph Malherek/PC	Ron Curry/NMED
	Clay Clark/NMED	Patricia Madrid/NMAG	Glen Smith/NMAG
	Lindsay Lovejoy/NIRS		

Summary of
Louisiana Energy Services Quarterly Management Meeting

Dates: June 24, 2004

Place: U.S. Nuclear Regulatory Commission (NRC) offices
Rockville, MD

Attendees: See Attachment 1

Purpose:

The purpose of this meeting was to discuss project management issues applicable to the proposed Louisiana Energy Services (LES) gas centrifuge uranium enrichment plant project. The meeting agenda is in Attachment 2.

Discussion:

After introductions, Mr. Jack Strosnider opened the discussion by introducing himself as the newly appointed Director of the Office of Nuclear Material Safety and Safeguards (NMSS). He discussed the Nuclear Regulatory Commission's (NRC's) strategic goals of safety, efficiency, and openness and indicated that communication is very important to ensuring that the strategic goals are met. He pointed out that high quality technical products are necessary to meeting our schedule goals. He said that all our goals to date have been met.

Joseph Giitter then discussed the current licensing status of the project stating that the project is currently ahead of schedule with NRC staff currently reviewing the LES responses to the NRC Requests for Additional Information (RAIs). Mr. Giitter indicated that a revised Safety Analysis Report is expected to be submitted by LES at the end of July and that the NRC staff schedule is to complete the Safety Evaluation Report in June 2005, although NRC staff is working to complete it earlier. Mr. Giitter stated that he appreciated the quick turnaround of the RAI responses, acknowledging that LES prepared responses to both the safety and environmental RAIs at the same time. Mr. Giitter also indicated he appreciated the support given to the geotechnical review conducted in Hobbs, NM, and the opportunity NRC and contractor staff had for observing an earthquake fault near the Waste Control Specialists site. The preliminary indication is that this fault is inactive.

Mr. Giitter said that NRC plans to discuss clarifications of any open technical issues from the review of the RAI responses with LES over the next several weeks. He stated that the NRC has further questions on how the final design will affect the information provided in LES' Safety Analysis Report and how items relied on for safety (IROFS) are identified. NRC staff also has some additional questions related to criticality safety.

Scott Flanders then discussed the status of the environmental review, indicating that all the milestones have been met. He indicated that a revision to the environmental report is due in July and that NRC expects to issue its draft Environmental Impact Statement in September 2004, with a public meeting to be held in Eunice in October 2004. The environmental staff is currently reviewing the LES responses to the environmental RAIs. Mr. Flanders also stated that the Section 106 Consultation process on cultural resources is proceeding.

Mr. Giitter discussed the status of the hearing process, stating that the New Mexico Environment Department, the New Mexico Attorney General, and the Nuclear Information and Resource Service (NIRS)-Public Citizen (PC) groups have been granted standing. He said that a prehearing conference was held on June 15, 2004, and the Hearing Board is scheduled to decide on admissible contentions on July 19, 2004.

James Ferland, President and Chief Executive Officer of LES, then discussed the project from the LES perspective (see Attachment 3). He stated that he considered the progress and communications to be very good and that other licensees are watching the progress of this project. He also discussed the RAI responses and LES' goal to revise the application by the end of July. He acknowledged the progress for addressing cultural resources with the State of New Mexico and other parties and said that LES is using its configuration management measure in the process of identifying IROFS.

Mr. Ferland indicated that architect-engineer bids are due on June 25, 2004, and LES expects to make a decision in August 2004. He stated that one of the conditions of the contract would be to hire local engineering and construction talent. He also wanted an architect-engineer that could tie in NRC regulatory experience with the experience from Urenco.

Mr. Ferland stated that Michael Lynch, the current project manager of the construction of the new SP5 plant in Almelo, will be named project manager of the LES project.

Prior to concluding the meeting, NRC staff suggested the possibility of having the next quarterly management meeting in Eunice, New Mexico. LES staff agreed that this would be useful. Both staff agreed that further discussions will take place.

Action Items

None.

Attachments

1. Attendee list
2. Meeting agenda
3. LES presentation handouts

Louisiana Energy Services Quarterly Management Meeting

Date: June 24, 2004

NAME	AFFILIATION	PHONE	EMAIL ADDRESS
TIM JOHNSON	NRC-NMSS	301-415-7299	TCJ@NRC.GOV
Joseph Gritter	NRC-NMSS	301-415-7485	JGG@NRC.GOV
Scott Franders	NRC-NMSS	301-415-6717	SCF@NRC.GOV
Melanie Wong	NRC-NMSS	301-415-6262	MCW@nrc.gov
R. M. Kruch	LES	630-657-2813	rod.kruch@exeloncorp.com
TIM FERLAND	LES	505-944-0194	jferland@nefnm.com
Grace Holmich	NRC-NMSS	301 415 7213	jgh1@nrc.gov
John Greaves	NRC-NMSS	301-415-7437	JTG1@NRC.GOV
Abe Zeitoun	ATL/NMSS	301 515 6770	azeitoun@atlintl.com
Lisa Clark	NRC-OGC	301-415-1571	LBC@nrc.gov
MATHEW LUERAS	LES	505-944-0194	MLUERAS@NEFNM.COM
Roberta Cornill	USEC	301 564 7330	cornillr@us22.com
Cheryl Moss Herman	The Ux Consulting Co.	301-610-6635	cheryl.moss.herman@uxc.com
David Brown	NRC-NMSS	301-415-5257	ddb@nrc.gov
MICHAEL KNAPIK	McGRAW-HILL	202-383-2167	MIKE-KNAPIK@PLATTS.COM



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 26, 2004

MEETING NOTICE

Applicant: Louisiana Energy Services
Suite 610
2600 Virginia Avenue, NW
Washington, DC 20037

Docket: 70-3103

Date and Time: June 24, 2004; 2:00 P.M.

Location: U.S. Nuclear Regulatory Commission
Two White Flint North, Room T8E8
11545 Rockville Pike
Rockville, Maryland 20852

Purpose: To discuss project management issues and status related to its application for a gas centrifuge uranium enrichment facility proposed to be constructed in Eunice, New Mexico.

NRC Attendees: J. Strosnider, R. Pierson, J. Giitter, B. Smith, T. Johnson, S. Flanders, M. Wong, L. Clark, and project staff

Other Attendees: J. Ferland/LES, R. Krich/LES and LES project staff

Contact: T. Johnson; 301-415-7299; tcj@nrc.gov

Category: Category 1 Meeting: The public is invited to observe this meeting and will have one or more opportunities to communicate with the NRC after the business portion, but before the meeting is adjourned.

NOTE: NRC Meetings are open for interested members of the public to attend pursuant to the "Enhanced Public Participation in NRC Meetings; Policy Statement," 67 *Federal Register* 36920, May 28, 2002.

Attachment: Meeting agenda

cc: James Curtiss/W&S James Ferland/LES Rod Krich/LES
Peter Miner/USEC William Szymanski/DOE James Brown/Eunice
Dennis Holmberg/Lea County Claydean Clairborne/Jal Troy Harris/Lovington
Betty Rickman/Tatum Monty Newman/Hobbs Glen Hackler/Andrews
William Floyd/NM Richard Ratliff/Texas Carol O'Claire/Ohio
Derrith Watchman-Moore/NM Michael Marriotte/NIRS Lee Cheney/CNIC
Jerry Clift/Hartsville Joseph Malherek/PC Ron Curry/MNED
Clay Clark/NMED Patricia Madrid/NMAG Glen Smith/NMAG
Lindsay Lovejoy/NIRS

Louisiana Energy Services Quarterly Management Meeting Agenda
June 24, 2004

- Purpose/Introductions
- Project Status
- Management Issues
- Questions and Answers



Louisiana Energy Services Management Meeting with NRC

Rockville, MD
June 24, 2004

Action Items

- Action Items from last Management Meeting on March 25, 2004
 - Provide Industrial Revenue Bond (IRB) flow chart to Mike Dusaniwskyj – Complete
 - Provide Partnership Agreement and IRB settlement document - Complete

Status/Schedule Adherence



- NRC beat schedule for issuing requests for additional information (RAI)
- LES provided most of the RAI responses within the NRC requested period
 - Some delays experienced in obtaining clearance from Urenco
 - All RAI response commitments have now been met
- Expect to submit a revision to the application by end of July, 2004
 - Incorporates clarifications/details in RAI responses and corrects errata

Issues Being Addressed

- Process for treatment of cultural sites
 - Working on process to address NRC and state requirements in an efficient and effective manner
- Integrated Safety Assessment
 - Provided position on identifying and monitoring Items Relied On For Safety (IROFS) and role of 10 CFR 70.72, “Facility changes and change process”
 - Expect discussions to continue

Architect / Engineer



- Request for bid was issued to A/Es on April 21, 2004
 - Pre-bid conference held on May 19, 2004 in Hobbs, NM
 - Visit to Almelo facility on June 9, 10, 2004
- Expect to select an A/E by August, 2004

Feedback

- Good cooperation
- Good communications
- Excellent progress
 - RAIs issued ahead of schedule
 - Conference calls to obtain needed clarifications
 - On-site visit to review seismic/structural calculations
- LES commitment tracking system in place and functioning