



10 CFR 30.6
10 CFR 40.5
10 CFR 70.5
10 CFR 95.9

December 12, 2003

NEF#03-003

Directors
Office of Nuclear Material Safety and Safeguards
and the Division of Facilities and Security
U.S. Nuclear Regulatory Commission
Washington, DC 20555

Louisiana Energy Services
National Enrichment Facility
NRC Docket No. 70-3103

Subject: Applications for a Material License Under 10 CFR 70, "Domestic licensing of special nuclear material," 10 CFR 40, "Domestic licensing of source material," and 10 CFR 30, "Rules of general applicability to domestic licensing of byproduct material," and for a Facility Clearance Under 10 CFR 95, "Facility security clearance and safeguarding of national security information and restricted data"

By letter dated September 12, 2003, R. M. Krich of Louisiana Energy Services (LES), L. P. notified the NRC of its intention to submit by the end of 2003 an application for the NRC licenses necessary to authorize construction and operation of a gas centrifuge uranium enrichment facility. Our September 12, 2003, letter also stated that the application would be for the National Enrichment Facility to be located on a site that has been selected in Lea County, New Mexico, near the city of Eunice. Accordingly, the subject applications for the necessary NRC licenses are enclosed.

Starting on March 19, 2002, a series of seven public pre-application review meetings were held between representatives of the NRC and LES. An overseas trip to visit operating gas centrifuge uranium enrichment facilities was also conducted. These pre-application review meetings and visit were intended to facilitate a thorough and efficient review of the application by the NRC. At these meetings, LES presented information addressing safety improvements in the design of the facility compared to the design referenced in the previous LES application submitted in 1991. In view of the many similarities in the fundamental designs between the currently proposed plant and the previously proposed plant, we noted in these meetings the importance of the NRC taking maximum advantage of its previous safety and environmental reviews. LES also presented information on other aspects of the design, siting, and operation of the proposed facility.

By letter dated April 24, 2002, LES submitted six position papers covering specific policy issues addressed during the previous licensing and hearing process or in legislation enacted by Congress prior to or during the previous LES application review. These six papers recommended that certain application review criteria established during and after the previous LES licensing process be adopted by the NRC for its review of this application. A public pre-

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application review meeting was conducted by the NRC on April 30, 2002 to discuss these papers. The NRC subsequently solicited comments from the public, as well as other agencies such as the U. S. Department of Energy, on these position papers. By letter dated March 24, 2003, the NRC provided staff views on how it intends to review the LES application relative to the six policy areas, subject to possible further Commission direction following the receipt of the application. Accordingly, the submitted applications reflect LES's initial responses to these views.

Therefore, in accordance with 10 CFR 70.21, "Filing," and 10 CFR 40.31 and 10 CFR 30.32, "Application for specific licenses," and 10 CFR 70.5, 40.5, 30.6, and 95.9, "Communications," LES submits one original and 25 copies of this application to construct and operate the National Enrichment Facility. A compact disk (CD) containing all application documents that are not safeguards and/or classified information is also enclosed with the original. As described below, this application meets the applicable requirements of 10 CFR 70.22, "Contents of applications," 10 CFR 40.31, and 10 CFR 30.32.

As required by 10 CFR 40.31(a) and 10 CFR 30.32(a), completed duplicates of NRC Form 313, "Application for Material License," are enclosed along with a check for \$7,400.00 as required by 10 CFR 170.31, "Schedule of fees for materials licenses and other regulatory services, including inspections, and import and export licenses," Categories 2.C for source material (i.e., \$6,200.00) and 3.P for byproduct material (i.e., \$1,200.00). This application also includes the following documents.

- Safety Analysis Report (SAR)
- Emergency Plan
- Environmental Report (ER)
- Fundamental Nuclear Material Control Plan (FNMCP)
- Physical Security Plan (PSP)
- Safeguards Contingency Plan
- Guard Force Training and Qualification Plan
- Standard Practice Procedures Plan for the Protection of Classified Matter

An application for an NRC facility clearance in accordance with 10 CFR 95.15, "Approval for processing licensees and others for facility clearance," for the National Enrichment Facility is also submitted by this letter as the proposed facility will contain classified components and documents. Information supporting this facility clearance application, including Foreign Ownership, Control, or Influence (FOCI) information, is provided in the Standard Practice Procedures Plan for the Protection of Classified Matter.

The enclosed SAR meets the applicable requirements and reflects the applicable NRC guidance, including format, provided in NUREG-1520, "Standard Review Plan for the Review of a License Application for a Fuel Cycle Facility," dated March 2002. Specifically, the description

of the applicant, LES, as required by 10 CFR 70.22(a)(1), is provided in SAR Chapter 1, "General Information," Section 1.2.1. The current LES partnership is defined in a limited partnership agreement. The current LES partners' ownership shares, representing general and limited partners, are Urenco 70.5%, Westinghouse 19.5%, and the remaining 10% owned by the companies representing the three utilities, Entergy, Duke, and Exelon.

A summary description of the licensed activity, the location of the licensed activity, and the plan for carrying out the licensed activity required by 10 CFR 70.22 (a)(2) is provided in SAR Chapter 1, Section 1.1.

The period of time for which the license is requested as required by 10 CFR 70.22 (a)(3) is 30 years and is specified in SAR Chapter 1, Section 1.2.4.

The name, amount, and specifications of the special nuclear material (SNM) that will be handled and/or produced as required by 10 CFR 70.22 (a)(4) is provided in SAR Chapter 1, Section 1.2.3.

A description of LES's technical qualifications as required by 10 CFR 70.22(a)(6) is provided in SAR Chapter 2, "Organization and Administration," Section 2.2.4.

A description of the equipment and facilities that will be relied upon to protect public health and property as required by 10 CFR 70.22(a)(7) is provided in SAR Chapter 3, "Integrated Safety Analysis Summary," Section 3.8.

A description of the proposed procedures that will be in place to protect the public health and property as required by 10 CFR 70.22(a)(8) is provided in the appropriate chapters of the SAR in accordance with the guidance in NUREG-1520. A description of the financial qualifications criteria that LES will meet as required by 10 CFR 70.22(a)(8) is provided in SAR Chapter 1, Section 1.2.2.

A description of the decommissioning funding plan as required by 10 CFR 70.22(a)(9) and 10 CFR 40.31(i) is provided in SAR Chapter 10, "Decommissioning."

To address part of the "Management Measures" description called for by NUREG-1520, a separate Quality Assurance Program Description (QAPD) was prepared. This QAPD was submitted for NRC review and approval in advance of this license application by letter dated December 3, 2002. By letter dated March 25, 2003, the NRC transmitted a Request for Additional Information (RAI) concerning the QAPD. A response was provided by our letter dated November 21, 2003. That response transmitted a new version of the QAPD reflecting changes made in response to NRC questions. Accordingly, the QAPD included in this application as Appendix A to SAR Chapter 11, "Management Measures," is the version that was transmitted to the NRC by our November 26, 2003 letter.

A description of the program for the control and accounting of SNM as required by 10 CFR 70.22 (b) is provided in the FNMCP. A section of this report contains classified information, i.e., confidential national security information (CNSI), and therefore has been separated from the Plan. This information is being submitted separately in accordance with 10 CFR 95.39, "External transmission of documents and material."

As required by 10 CFR 70.22(i)(1)(ii) and 10 CFR 40.31(j)(1)(ii), an Emergency Plan that addresses the criteria in 10 CFR 70.22(i)(3)(i) through (xiii) and 10 CFR 40.31(j)(3)(i) through (xiii) is included in this application. This Emergency Plan also includes LES's commitment to comply with the "Emergency Planning and Community Right-to-Know Act," as cited in 10 CFR 70.22(i)(3)(viii). Comments on the Emergency Plan have been received from the affected offsite agencies and are attached to the Emergency Plan as required by 10 CFR 70.22(i)(4) and 10 CFR 40.31(j)(4).

The Environmental Report is enclosed as required by 10 CFR 70.21(h), 10 CFR 40.31(k), and 10 CFR 30.32(f). This ER reflects the applicable elements of the NRC guidance, including format, provided in NUREG-1748, "Environmental Review Guidance for Licensing Actions Associated with NMSS Programs," dated August 2003.

A Physical Security Plan along with the associated Safeguards Contingency Plan and Guard Force Training and Qualification Plan are part of this application as required by 10 CFR 70.22(k). The PSP and the Safeguards Contingency Plan contain safeguards information as defined in 10 CFR 73, "Physical protection of plants and materials." Accordingly, we are submitting these documents separately in accordance with paragraph "c" of 10 CFR 73.21, "Requirements for the protection of safeguards information." This separate submittal includes the Guard Force Training and Qualification Plan, even though it does not contain safeguards information, since it is part of the overall security document. In addition, certain portions of the PSP and Safeguards Contingency Plan contain classified information, i.e., CNSI, and therefore have been separated from the unclassified information in those documents. This classified information is also being submitted separately in accordance with 10 CFR 95.39.

A Standard Practice Procedures Plan for the Protection of Classified Matter is included in this application as required by 10 CFR 70.22(m). This Plan contains safeguards information as defined in 10 CFR 73 and is being submitted separately in accordance with 10 CFR 73.21(c).

A letter dated November 13, 2003 from Mr. John Hoffman, Director, Underwriting, American Nuclear Insurers, is enclosed. This letter describes the provisions that have been made for obtaining liability insurance coverage for the National Enrichment Facility as required by 10 CFR 70.22(n) and 10 CFR 40.31(l). Proof of full liability insurance will be submitted to the NRC prior to issuance of the license as required by 10 CFR 140.13b, "Amount of liability insurance required for uranium enrichment facilities."

A description of the safety program as required by 10 CFR 70.65(a) is provided in SAR Chapters 3, 4, "Radiation Protection," 5, "Nuclear Criticality Safety," 6, "Chemical Process Safety," 7, "Fire Safety" and 11. The Integrated Safety Analysis (ISA) Summary is provided in Chapter 3, Sections 3.1, 3.6, 3.7, and 3.8 as required by 10 CFR 70.65(b).

Finally, LES requests such additional byproduct material licenses as may be necessary or appropriate for the construction, operation, and decommissioning of the National Enrichment Facility.

Correspondence related to these applications should be addressed to Mr. R. M. Krich, Vice President, Licensing, Safety, and Nuclear Engineering, Louisiana Energy Services, 1133

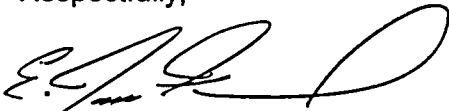
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Connecticut Avenue, N.W., Suite 200, Washington, D.C. 20036, with copies to LES's legal counsel of record, Mr. James R. Curtiss, Esq., Winston & Strawn, 1400 L Street, N.W., Washington, DC 20005.

As presented to representatives of the NRC during the pre-application review meeting of March 19, 2002, and as discussed during subsequent pre-application review meetings, LES has proposed that the NRC review of the applications could be completed in 18 to 24 months. This review schedule supports our proposed plan to begin production at the National Enrichment Facility in 2008. In a memorandum from T. C. Johnson to J. G. Giitter, dated November 12, 2003, the NRC has stated that the technical review could be completed in 18 to 20 months. These schedules are entirely consistent and were based on a number of assumptions, key among them was the submittal of a complete, high quality application. We consider that the applications transmitted by this letter meet the necessary quality standards. Furthermore, whenever possible throughout the material license application, we have identified information that has remained unchanged from, or is bounded by, information in the previous LES application that was reviewed and accepted by the NRC in its "Safety Evaluation Report for the Claiborne Enrichment Center, Homer, Louisiana," NUREG-1491, dated January 1994, and its "Final Environmental Impact Statement for the Construction and Operation of Claiborne Enrichment Center, Homer, Louisiana," NUREG-1484, dated August 1994. Accordingly, we consider that this aspect of the application should allow the NRC to proceed with an effective and efficient review.

If you have any questions, please contact Mr. Krich at 630-657-2813 or me at 505-944-0194.

Respectfully,



E. James Ferland
President

Enclosures:

Check in the amount of \$7,400.00
NRC Form 313, "Application for Material License," 2 originals
Safety Analysis Report, 25 copies
Emergency Plan, 25 copies
Environmental Report, 25 copies
Fundamental Nuclear Material Control Plan w/o classified information, 25 copies
Letter from John Hoffman, American Nuclear Insurers, 25 copies
CD-ROM

December 12, 2003

NEF#03-003

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cc: T.C. Johnson, NRC Project Manager
N. Farquhar, Energy/Environment Advisor, State of New Mexico, Office of the Governor
D. Watchman-Moore, Deputy Secretary, New Mexico Environment Department
(2 Copies)
W.S. Field, WIPP Safe Transportation Program Manager, New Mexico Department of
Public Safety (Emergency Plan only)
D. Powell, Plans Unit Supervisor, Texas Department of Public Safety
(Emergency Plan only)
D.M. Holmberg, County Manager, Lea County, New Mexico
J. Brown, Mayor of Eunice, New Mexico
S. McCleery, President, New Mexico Junior College
Dr. C.P. Robinson, President and Laboratories Director, Sandia National Laboratories
E. Valdez, Executive Director (Acting), Economic Development Corporation of Lea
County
D. Hancock, Director, Nuclear Waste Safety Program; SRIC Administrator, Southwest
Research and Information Center

NRC FORM 313

U.S. NUCLEAR REGULATORY COMMISSION

APPROVED BY OMB: NO. 3150-0120

EXPIRES: 10/31/2005

(11-2003)
10 CFR 30, 32, 33,
34, 35, 36, 39, and 40

Estimated burden per response to comply with this mandatory collection request: 7 hours. Submittal of the application is necessary to determine that the applicant is qualified and that adequate procedures exist to protect the public health and safety. Send comments regarding burden estimate to the Records Management Branch (T-6 E6), U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001, or by Internet e-mail to infocollects@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3150-0120), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.

APPLICATION FOR MATERIAL LICENSE

INSTRUCTIONS: SEE THE APPROPRIATE LICENSE APPLICATION GUIDE FOR DETAILED INSTRUCTIONS FOR COMPLETING APPLICATION. SEND TWO COPIES OF THE ENTIRE COMPLETED APPLICATION TO THE NRC OFFICE SPECIFIED BELOW.

APPLICATION FOR DISTRIBUTION OF EXEMPT PRODUCTS FILE APPLICATIONS WITH:

DIVISION OF INDUSTRIAL AND MEDICAL NUCLEAR SAFETY
OFFICE OF NUCLEAR MATERIALS SAFETY AND SAFEGUARDS
U.S. NUCLEAR REGULATORY COMMISSION
WASHINGTON, DC 20555-0001

ALL OTHER PERSONS FILE APPLICATIONS AS FOLLOWS:

IF YOU ARE LOCATED IN:

CONNECTICUT, DELAWARE, DISTRICT OF COLUMBIA, MAINE, MARYLAND,
MASSACHUSETTS, NEW HAMPSHIRE, NEW JERSEY, NEW YORK, PENNSYLVANIA,
RHODE ISLAND, OR VERMONT, SEND APPLICATIONS TO:

LICENSING ASSISTANT SECTION
NUCLEAR MATERIALS SAFETY BRANCH
U.S. NUCLEAR REGULATORY COMMISSION, REGION I
475 ALLENDALE ROAD
KING OF PRUSSIA, PA 19406-1415

ALABAMA, FLORIDA, GEORGIA, KENTUCKY, MISSISSIPPI, NORTH CAROLINA, PUERTO
RICO, SOUTH CAROLINA, TENNESSEE, VIRGINIA, VIRGIN ISLANDS, OR WEST VIRGINIA,
SEND APPLICATIONS TO:

SAM NUNN ATLANTA FEDERAL CENTER
U. S. NUCLEAR REGULATORY COMMISSION, REGION II
61 FORSYTH STREET, S.W., SUITE 23T85
ATLANTA, GEORGIA 30303-8931

IF YOU ARE LOCATED IN:

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APPLICATIONS TO:

MATERIALS LICENSING BRANCH
U.S. NUCLEAR REGULATORY COMMISSION, REGION III
801 WARRENVILLE RD.
LISLE, IL 60532-4351

ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, HAWAII, IDAHO, KANSAS,
LOUISIANA, MONTANA, NEBRASKA, NEVADA, NEW MEXICO, NORTH DAKOTA, OKLAHOMA,
OREGON, PACIFIC TRUST TERRITORIES, SOUTH DAKOTA, TEXAS, UTAH, WASHINGTON,
OR WYOMING, SEND APPLICATIONS TO:

NUCLEAR MATERIALS LICENSING SECTION
U.S. NUCLEAR REGULATORY COMMISSION, REGION IV
611 RYAN PLAZA DRIVE, SUITE 400
ARLINGTON, TX 76011-8064

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1. THIS IS AN APPLICATION FOR (Check appropriate item)

- A. NEW LICENSE
- B. AMENDMENT TO LICENSE NUMBER _____
- C. RENEWAL OF LICENSE NUMBER _____

2. NAME AND MAILING ADDRESS OF APPLICANT (Include ZIP code)

Louisiana Energy Services, L.P.
6739 Academy Road, Suite 350
Albuquerque, NM 87109

3. ADDRESS WHERE LICENSED MATERIAL WILL BE USED OR POSSESSED

National Enrichment Facility
Lea County, NM
(Address to be provided)

4. NAME OF PERSON TO BE CONTACTED ABOUT THIS APPLICATION

R. M. Krich

TELEPHONE NUMBER

(630) 657-2813

SUBMIT ITEMS 5 THROUGH 11 ON 8-1/2 X 11" PAPER. THE TYPE AND SCOPE OF INFORMATION TO BE PROVIDED IS DESCRIBED IN THE LICENSE APPLICATION GUIDE.

5. RADIOACTIVE MATERIAL
a. Element and mass number; b. chemical and/or physical form; and c. maximum amount which will be possessed at any one time.

6. PURPOSE(S) FOR WHICH LICENSED MATERIAL WILL BE USED.

7. INDIVIDUAL(S) RESPONSIBLE FOR RADIATION SAFETY PROGRAM AND THEIR TRAINING EXPERIENCE. (Medical use applicants: Complete NRC Form 313A)

8. TRAINING FOR INDIVIDUALS WORKING IN OR FREQUENTING RESTRICTED AREAS.

9. FACILITIES AND EQUIPMENT.

10. RADIATION SAFETY PROGRAM.

11. WASTE MANAGEMENT.

12. LICENSE FEES (See 10 CFR 170 and Section 170.31)

FEE CATEGORY 171.31, 2.C & 3.P | AMOUNT ENCLOSED \$ 7,400.00

13. CERTIFICATION. (Must be completed by applicant) THE APPLICANT UNDERSTANDS THAT ALL STATEMENTS AND REPRESENTATIONS MADE IN THIS APPLICATION ARE BINDING UPON

THE APPLICANT AND ANY OFFICIAL EXECUTING THIS CERTIFICATION ON BEHALF OF THE APPLICANT, NAMED IN ITEM 2, CERTIFY THAT THIS APPLICATION IS PREPARED IN CONFORMITY WITH TITLE 10, CODE OF FEDERAL REGULATIONS, PARTS 30, 32, 33, 34, 35, 36, 39, AND 40, AND THAT ALL INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF.

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CERTIFYING OFFICER - TYPED/PRINTED NAME AND TITLE

E. James Ferland, President, Louisiana Energy Services

SIGNATURE



DATE

12/12/2003

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TYPE OF FEE	FEE LOG	FEE CATEGORY	AMOUNT RECEIVED	CHECK NUMBER	COMMENTS
			\$		
APPROVED BY				DATE	

**Louisiana Energy Services
National Enrichment Facility**

**Attachment to NRC Form 313
APPLICATION FOR MATERIAL LICENSE
December 12, 2003**

ITEMS 5 THROUGH 11

5. RADIOACTIVE MATERIAL

See Safety Analysis Report (SAR) Chapter 1, "General Information," Section 1.2.3.

6. PURPOSE(S) FOR WHICH LICENSED MATERIAL WILL BE USED.

Enrichment of Natural Uranium up to 5.0% ²³⁵U.

7. INDIVIDUAL(S) RESPONSIBLE FOR RADIATION SAFETY PROGRAM AND THEIR TRAINING EXPERIENCE.

See SAR Chapters 2, "Organization and Administration," and 4, "Radiation Protection."

8. TRAINING FOR INDIVIDUALS WORKING IN OR FREQUENTING RESTRICTED AREAS.

See SAR Chapters 2, 4, 6, "Chemical Process Safety," 7, "Fire Safety," 11, "Management Measures," and the Emergency Plan.

9. FACILITIES AND EQUIPMENT.

See SAR Chapter 3, "Integrated Safety Analysis Summary."

10. RADIATION SAFETY PROGRAM.

See SAR Chapter 4.

11. WASTE MANAGEMENT.

See Environmental Report (ER) Chapter 3, "Description of Affected Environment," Section 3.12.

(11-2003)
10 CFR 30, 32, 33,
34, 35, 36, 39, and 40

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LISLE, IL 60532-4351

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ARLINGTON, TX 76011-8064

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<p>3. ADDRESS WHERE LICENSED MATERIAL WILL BE USED OR POSSESSED</p> <p>National Enrichment Facility Lea County, NM (Address to be provided)</p>	<p>4. NAME OF PERSON TO BE CONTACTED ABOUT THIS APPLICATION</p> <p>R. M. Krich</p> <p>TELEPHONE NUMBER</p> <p>(630) 657-2813</p>


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<p>9. FACILITIES AND EQUIPMENT.</p>	<p>10. RADIATION SAFETY PROGRAM.</p>				
<p>11. WASTE MANAGEMENT.</p>	<p>12. LICENSE FEES (See 10 CFR 170 and Section 170.31)</p> <table border="1"> <tr> <td>FEE CATEGORY</td> <td>171.31, 2.C & 3.P</td> <td>AMOUNT ENCLOSED</td> <td>\$ 7,400.00</td> </tr> </table>	FEE CATEGORY	171.31, 2.C & 3.P	AMOUNT ENCLOSED	\$ 7,400.00
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<p>CERTIFYING OFFICER -- TYPED/PRINTED NAME AND TITLE</p> <p>E. James Ferland, President, Louisiana Energy Services</p>	<p>SIGNATURE</p> 	<p>DATE</p> <p>12/12/2003</p>
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FOR NRC USE ONLY

TYPE OF FEE	FEE LOG	FEE CATEGORY	AMOUNT RECEIVED	CHECK NUMBER	COMMENTS
			\$		
APPROVED BY				DATE	

**Louisiana Energy Services
National Enrichment Facility**

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7. INDIVIDUAL(S) RESPONSIBLE FOR RADIATION SAFETY PROGRAM AND THEIR TRAINING EXPERIENCE.

See SAR Chapters 2, "Organization and Administration," and 4, "Radiation Protection."

8. TRAINING FOR INDIVIDUALS WORKING IN OR FREQUENTING RESTRICTED AREAS.

See SAR Chapters 2, 4, 6, "Chemical Process Safety," 7, "Fire Safety," 11, "Management Measures," and the Emergency Plan.

9. FACILITIES AND EQUIPMENT.

See SAR Chapter 3, "Integrated Safety Analysis Summary."

10. RADIATION SAFETY PROGRAM.

See SAR Chapter 4.

11. WASTE MANAGEMENT.

See Environmental Report (ER) Chapter 3, "Description of Affected Environment," Section 3.12.



UNDERWRITING DEPARTMENT
John L. Quattrocchi, Senior Vice President

November 13, 2003

Mr. E. James Ferland
President
Louisiana Energy Services
1133 Connecticut Avenue N.W.
Suite 200
Washington, DC 20036

Re: Nuclear Liability Insurance

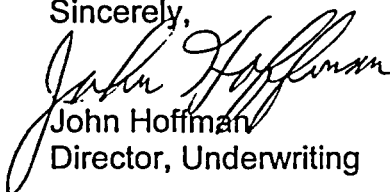
Dear Mr. Ferland,

This confirms that American Nuclear Insurers (ANI) has issued, effective November 26, 2002, Nuclear Energy Liability Policy No. NF-0350. The policy is issued to Louisiana Energy Services for the National Enrichment Facility in Lea County, New Mexico. The limit of liability is \$1,000,000.

That limit is a standby limit, and will apply until the Facility is ready for operation. We anticipate that, at that time, ANI will write a limit which, if desired, more closely approximates our maximum capacity, currently \$300,000,000.

Our willingness to write a higher limit is dependent upon our satisfaction with the risk presented by the National Enrichment Facility. Our willingness also is dependent upon insurance market conditions and available insurance capacity, both of which can change considerably over time.

Sincerely,



John Hoffman
Director, Underwriting

c: Mark Webster, Marsh