



National Nuclear Security Administration

Sandia Site Office

P.O. Box 5400

Albuquerque, New Mexico 87185-5400



MAR 18 2004

The Honorable John T. Conway
Chairman
Defense Nuclear Facilities Safety Board
625 Indiana Avenue, NW, Suite 700
Washington, DC 20004-2901

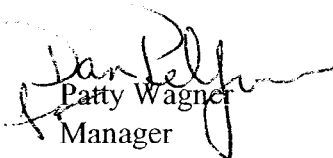
Dear Mr. Chairman:

Steve Goodrum, the Deputy Sandia Site Office Manager, and I appreciated the opportunity to come and brief your Defense Nuclear Facilities Safety Board (DNFSB) on the new management team at the Site Office, characteristics of the new Sandia National Laboratory (SNL) contract, information about oversight of our nuclear facilities, and addressing other areas of DNFSB interest. We are determined to maintain a strong oversight program at SNL and would welcome any insights you may have that would improve that program.

During the presentation, you expressed interest in several areas for which we indicated we would provide additional information. Please find enclosed the follow-up information requested. In reviewing the current Orders of interest to the DNFSB from the DNFSB website, we discovered several needed modifications and have provided an updated list as an attachment. Again, thank you for allowing us this opportunity in meeting with your Board. We both have a mutual interest in operating our facilities in a safe and efficient manner. We look forward to additional opportunities to meet with you in the future.

If you have any questions, please contact me at (505) 845-6036.

Sincerely,


Patty Wagner
Manager

Enclosures

cc: E. Beckner, NA-10, HQ
M. Whitaker, DR-1, HQ
E. Morrow, NA-1, HQ
S. Goodrum, SSO
W. Mullen, SSO
R. Simonton, SNL/NM, Org 3004, MS 0361

Follow-up Information for the DNFSB

Copy of Contracting Officer (CO) letter to Conway as evidence ability to give direction

Please refer to Attachment, "Memo dated January 27, 2004 with subject Issuance of Contracting Officer Appointment".

DNFSB list of 44 Directives

The DNFSB list of directives are all addressed in the contract with Sandia National Laboratories (SNL) with exceptions noted in Attachment I, "List of DNFSB Directives with exception" A more current list of directives has also been provided in Attachment II, "Updated DNFSB Directives" due to changes, cancellation, or replacement.

SNL Nuclear Material Capable Facilities (outside of TA-V)

For the list please refer to Attachment III, "List of SNL Nuclear Material Capable Facilities outside of TA-V".

Weapons Safety Specifications (from the PEP)

Please see Attachment IV, " Excerpts from Performance Evaluation Plan".

Sandia Underground Reactor Facility (SURF) status

The SURF project was officially cancelled on 10/4/2002 documented in Attachment V, "Memo dated October 4, 2002 with subject Sandia Underground Reactor Facility at the Sandia National Laboratories Albuquerque, New Mexico." There have been off-and-on discussions since the cancellation of the project that it might be considered again based on the new Design Basis Threat that will drive up Security costs. A "bogy" item has been inserted in the FY08 budget in case the project resurfaces. It is dead for now.

Administrative Controls process

SNL Documented Safety Analysis (DSAs) discuss those administrative controls and/or programs necessary to ensure facility safety. These administrative controls/programs are carried forward into the Administrative Control Section of the Technical Safety Requirements (TSRs). This process is being conducted per 10 CFR 830 Subpart B requirements and specifically following the guidance provide in DOE G 423.1-1, *Implementation Guide For Use In Developing Technical Safety Requirements*. Specific Administrative Controls are being identified through the performance of safety basis reviews using the guidance provided in the Nuclear Safety Management Technical Position, NSTP 2003-1, *Use of Administrative Controls for Specific Safety Functions*. A schedule has been developed identifying the performance of a safety basis review for each nuclear facility/activity that will result in identifying specific administrative controls. Additionally, the schedule identifies the performance of Implementation Reviews that will be conducted (most of the Administrative Control Implementation Reviews will be incorporated into planned readiness reviews). A new DOE technical standard, "Specific Administrative Controls", Project Number: SAFT-0091, has been issued in draft for formal review and comment. This standard will be used in identifying and reviewing the implementation of specific administrative controls once it is issued as a final DOE approved standard.

Attachment


**Memo dated January 27, 2004 with subject Issuance of
Contracting Officer Appointment**



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

JAN 27 2004

MEMORANDUM FOR: PATTY WAGNER
SITE OFFICE MANAGER
SANDIA SITE OFFICE
NATIONAL NUCLEAR SECURITY ADMINISTRATION

FROM: JAMES J. CAVANAGH 
HEAD OF THE CONTRACTING ACTIVITY

SUBJECT: ISSUANCE OF CONTRACTING OFFICER APPOINTMENT

Your Contracting Officer Certificate of Appointment is attached and you are authorized to exercise authority within the functional area of Administration for the Sandia Site Office Management & Operating (M&O) Contract. This authority is subject to all applicable laws, regulations and the administrative controls set forth in the NNSA Coordination and Approval Procedures and as listed on your Certificate of Appointment and is specifically limited to:

1. Conducting post award administration of the M&O contract within the context of Federal Acquisition Regulation (FAR) Part 42.302.
2. Authorizing work under the contract.
3. Evaluating and documenting contractor performance (Contractor Performance Assessments and Performance Evaluation Reports).
4. Recommending earned fee to the Fee Determination Official (FDO), preparing letters for FDO signature, and determining earned fee, when delegated.
5. Designating Contracting Officer's Representatives for the site-specific M&O contract.
6. Approving of Integrated Safety Management System (ISMS) Plans/Certifications/Updates.
7. Approving of Integrated Safeguards and Security Management (ISSM) Plans.
8. Signing funding modifications.

The appointment is effective as of the date shown on the Certificate of Appointment. If you have questions, please contact Teresa Loschke at (505) 845-6170 or Christine Gibson at (505) 845-4745.

cc:

L. Brooks, Administrator, NNSA
J. Hirahara, NNSA Service Center, OAK
F. Baca, NNSA Service Center, OBS, AL
Office of Chief Counsel, AL
Finance Office, AL
NA-63
MSSD/ASD, NNSA Service Center, AL



Certificate of Appointment

Under authority vested in the undersigned and in conformance with
Subpart 1.6 of the Federal Acquisition Regulation

Patty Wagner
is appointed

Contracting Officer

for the

United States of America

For Administration of the Management & Operating Contract (see attached memorandum for specific authorities).

Subject to the limitations contained in the Federal Acquisition Regulation and to the following:

**National Nuclear Security Administration (NNSA)
Coordination and Approval Process (CAP)**

Unless sooner terminated, this appointment is effective as
long as the appointee is assigned to:

Sandia Site Office (SSO)

(Organization)

National Nuclear Security Administration

(Agency/Department)

James J. Cavanagh, Head of the Contracting Activity

(Signature and Title)

27 January 2004

(Date)

NA-04-01

(No.)



Attachment I
List of DNFSB Directives with exception

ATTACHMENT I
List of DNFSB Directives with Exceptions
(Directives with Updates or Exceptions are listed in Red)

Orders of Interest to the Board
Group 1. Currently Active Orders

Current as of March 23, 2002

Order Number	Title
O151.1A	Comprehensive Emergency Management System
O210.1, Chg 2	Performance Indicators and Analysis of Operations Information
O225.1A	Accident Investigations
O231.1, Chg 2	Environment, Safety, and Health Reporting
O232.1A	Occurrence Reporting and Processing of Operational Information
O251.1A	Directives System
O252.1	Technical Standards Program
O360.1B	Federal Employee Training
O413.3	Program and Project Management for the Acquisition of Capital Assets
O414.1A	Quality Assurance
O420.1, Chg 3	Facility Safety
G421.1-2	Implementation Guide for use in Developing Documented Safety Analyses to meet Subpart B of 10 CFR 830
G423.1-1	Implementation Guide for use in Developing Technical Safety Requirements
G424.1-1	Implementation Guide for use in Addressing Unreviewed Safety Question Requirements
O425.1B	Startup and Restart of Nuclear Facilities
O430.1A	Life Cycle Asset Management
O433.1	Maintenance Management Program for DOE Nuclear Facilities
O435.1 Chg 1	Radioactive Waste Management
O440.1A	Worker Protection Management for DOE Federal and Contractor Employees
O442.1A	Department of Energy Employee Concerns Program
O451.1B	National Environmental Policy Act Compliance Program
O452.1B Chg 1	Nuclear Explosive and Weapon Surety Program
O452.2B	Safety of Nuclear Explosive Operations
O460.1A	Packaging and Transportation Safety
O460.2, Chg 1	Departmental Materials Transportation and Packaging Management
O461.1	Packaging and Transfer or Transportation of Materials of National Security Interest
O470.2A	Security and Emergency Management Independent Oversight and Performance Assurance Program
O474.1A	Control and Accountability of Nuclear Materials
O3790.1B	Federal Employee Occupational Safety and Health Program
O4700.1, Chg 1	Project Management System
O4700.4	Project Manager Certification
O5400.1, Chg 1	General Environmental Protection Program
O5400.5, Chg 2	Radiation Protection of the Public and the Environment

O5480.4, Chg 4	Environment Protection, Safety, and Health Protection Standards
O5480.19, Chg 2	Conduct of Operations Requirements for DOE Facilities
O5480.20A, Chg 1	Personnel Selection, Qualification, Training and Staffing Requirements at DOE Reactor and Non-Reactor Nuclear Facilities
O5480.30, Chg 1	Nuclear Reactor Safety Design Criteria
O5530.1A, Chg 1	Accident Response Group
O5530.2	Nuclear Emergency Search Team
O5530.3	Radiological Assistance Program
O5530.4	Aerial Measuring System
O5600.1	Management of the Department of Energy Weapon Program and Weapon Complex
O5632.1C	Protection and Control of Safeguards and Security Interests
O5660.1B	Management of Nuclear Materials

Explanation for Updates and Exceptions

- **O360.1B, Federal Employee Training**

This order pertains to federal employees and would not be in the contract.

- **O420.1, Chg 3, Facility Safety**

This order has been updated to O420.1A.

- **G421.1-2, Implementation Guide for use in Developing Documented Safety Analyses to meet Subpart B of 10 CFR 830**

There are no guides in the contract.

- **G423.1-1, Implementation Guide for use in Developing Technical Safety Requirements**

There are no guides in the contract.

- **G424.1-1, Implementation Guide for use in Addressing Unreviewed Safety Question Requirements**

There are no guides in the contract.

- **O425.1B, Startup and Restart of Nuclear Facilities**

This order has been updated to O425.1C

- **O430.1A, Life Cycle Asset Management and O4700.1, Chg 1 Project Management System**

These orders have been incorporated into O413.3.

- **O451.1B, National Environmental Policy Act Compliance Program**

This order pertains to federal employees and would not be in the contract.

- **O460.1A, Packaging and Transportation Safety**

This order has been updated to O460.1B.

- **O470.2A, Security and Emergency Management Independent Oversight and Performance Assurance Program**

This order has been updated to O470.2B.

- **O3790.1B, Federal Employee Occupational Safety and Health Program**

This order pertains to federal employees and would not be in the contract.

- **O4700.4, Project Manager Certification**

This order pertains to federal employees and would not be in the contract.

- **O5400.1, Chg 1, General Environmental Protection Program**

This order has been updated to O450.1.

- **O5530.2, Nuclear Emergency Search Team**

This order applies to federal employees and is not in the contract with SNL.

- **O5530.4, Aerial Measuring System**

This order pertains to federal employees and would not be in the contract.

- **O5600.1, Management of the Department of Energy Weapon Program and Weapon Complex**

There are no longer facilities at Sandia National Laboratory Facilities that this order would apply.

- **O5632.1C, Protection and Control of Safeguards and Security Interests**

This order has been updated to O473.1.

Attachment II
Updated DNFSB Directives

ATTACHMENT II

Updated DNFSB Directives

(These are the list of Directives in the Contract with Sandia National Laboratories (SNL))

Order Number	Title
O151.1A	Comprehensive Emergency Management System
O210.1, Chg 2	Performance Indicators and Analysis of Operations Information
O225.1A	Accident Investigations
O231.1, Chg 2	Environment, Safety, and Health Reporting
O232.1A	Occurrence Reporting and Processing of Operational Information
O251.1A	Directives System
O252.1	Technical Standards Program
O413.3	Program and Project Management for the Acquisition of Capital Assets
O414.1A	Quality Assurance
O420.1A	Facility Safety
O425.1C	Startup and Restart of Nuclear Facilities
O433.1	Maintenance Management Program for DOE Nuclear Facilities
O435.1 Chg 1	Radioactive Waste Management
O440.1A	Worker Protection Management for DOE Federal and Contractor Employees
O442.1A	Department of Energy Employee Concerns Program
O452.1B Chg 1	Nuclear Explosive and Weapon Surety Program
O452.2B	Safety of Nuclear Explosive Operations
O460.1B	Packaging and Transportation Safety
O460.2, Chg 1	Departmental Materials Transportation and Packaging Management
O461.1	Packaging and Transfer or Transportation of Materials of National Security Interest
O470.2B	Security and Emergency Management Independent Oversight and Performance Assurance Program
O474.1A	Control and Accountability of Nuclear Materials
O450.1	Environmental Protection Program
O5400.5, Chg 2	Radiation Protection of the Public and the Environment
O5480.4, Chg 4	Environment Protection, Safety, and Health Protection Standards
O5480.19, Chg 2	Conduct of Operations Requirements for DOE Facilities
O5480.20A, Chg 1	Personnel Selection, Qualification, Training and Staffing Requirements at DOE Reactor and Non-Reactor Nuclear Facilities
O5480.30, Chg 1	Nuclear Reactor Safety Design Criteria
O5530.1A, Chg 1	Accident Response Group
O5530.3	Radiological Assistance Program
O473.1	Physical Protection Program
O5660.1B	Management of Nuclear Materials

Attachment III
List of SNL Nuclear Material Capable Facilities outside of
TA-V

ATTACHMENT III
List of SNL Material Capable Facilities outside of TA-V

Location	Description	Category Authorized
DOD Facility ⁽¹⁾	SNL utilizes space within a Department of Defense Facility located on the Air Force Base.	I
Manzano Storage Facility	Storage locations used for material authorized for disposal.	III
Locations within Technical Area III	Collection of facilities that provide a variety of testing environments (vibration, acceleration, thermal conditioning) for full size components.	III
Radioactive Mixed Waste Management Facility	Facility that ensures waste meets prescribed waste acceptance criteria.	III
Locations within Technical Area I	These locations consist of a Nuclear Sensor System activity, a Standards and Reference activity, and a Material Control and Accountability Instrument Calibration activity.	III
6000 Igloos	Used for staging/transitional storage of material.	III

⁽¹⁾ Currently, the Air Force facility is utilized for Category I storage. The Air Force has the responsibility for Facility Safety.

ATTACHMENT IV

Excerpts from Performance Evaluation Plan

MISSION PERFORMANCE GROUP

Mission Scoring Weight - 60%

Performance Objective #1 – Defense Programs

Meet the immediate needs of the stockpile and conduct surveillance program in support of annual certification. (PO derived from NA-10 Top 10 List – Priority 1)

Performance Measure:

- 1.1 Meet the delivery requirements established by the P&PD with particular emphasis on meeting established joint DoD and NNSA commitments in accordance with the Directive Schedule. (Level 1 Milestone #332 in MRT) In addition, annually assess the safety, security and reliability of the stockpile and provide the required assessments of certification and reports to the Secretary for submission to the President.
(Level 1 Milestone #334 in MRT)

Performance Targets:

- 1.1.1 Meet Level II milestones associated with Directed Stockpile Work for P&PD delivery requirements, Stockpile Maintenance, and Stockpile Evaluation. (B&R Code DP07)

Performance Evaluation Criteria:

34	Performance
33	Schedule
33	Cost
100%	

Performance Measure Teams:

SNL Measure Team

Joe Polito
Kathleen McCaughey

DOE/NNSA Measure Team

Dan Pellegrino, SSO
Ron Rodger, SSO
Marty Schoenbauer, NA-122
Kevin Greenaugh, NA-115
Maurice Pitt, NA-115

Performance Objective #2 – Defense Programs

Develop methodologies, plans and tools for certification.

(PO derived from NA-10 Top 10 List – Priority 2 & 3)

Performance Measure:

- 2.1 Provide predictive simulation and modeling tools, supported by necessary computing resources, to maintain long-term stewardship of the stockpile. (Ties to Level 1 Milestone #'s 342, 349, 359 in MRT)

Performance Target:

- 2.1.1 Meet Level II Milestones associated with Advanced Scientific Computing (ASC). (B&R Code DP08)

Performance Measure:

- 2.2 Begin work that will complete the first ZR Stewardship experiment in 2007 (Level 1 Milestone #351 in MRT) and support commencement of the indirect-drive ignition experiments on the National Ignition Facility. (Level 1 Milestone #360 in MRT)

Performance Targets:

- 2.2.1 Meet Level II Milestones associated with ICF. (B&R Code DP08)

Performance Measure:

- 2.3 Provide experimental and theoretical underpinnings necessary to assess the performance, safety, and reliability of current warheads, and to support refurbishments and development activities. Through campaigns define, explore, and develop specific technologies and facilities that anticipate and/or enable future stockpile requirements and future system concepts. ("Focus Area" identified under NA10 Top Ten #3)

Performance Target:

- 2.3.1 Meet Level II Milestones associated with the Engineering and Science Campaigns. (B&R Code DP08)

Performance Evaluation Criteria:

34	Performance
33	Schedule
33	Cost
100%	

Performance Measure Teams:

SNL Measure Team
Mike Vahle

DOE/NNSA Measure Team
Dan Pellegrino, SSO
Christina Roybal, SSO
Pete Otero, SSO
Kevin Greenaugh, NA-115

Dimitri Kusnezov, NA-114

Performance Objective #3 – Defense Programs

Extend the lifetimes of weapons currently in the stockpile and Develop Options for the future arsenal. (PO derived from NA-10 Top 10 List – Priority 4 & 5)

Performance Measure:

- 3.1 Conduct authorized refurbishments to extend the life and/or maintain the reliability and functionality of the nuclear weapons stockpile.
(Level 1 Milestones #'s 344, 345, 347, 348, 352, 361 in MRT)

Performance Target:

- 3.1.1 Meet Level II Milestones associated with LEPs and Refurbishments. (B&R Code DP07)

Performance Measure:

- 3.2 Conduct R&D activities necessary to support LEP and define and begin implementation of a framework for developing advanced warhead concepts, including completion of 6.2/2a RNEP, to support the Nuclear Posture Review and the emerging needs of the DoD.
(Level 1 Milestone #339 in MRT)

Performance Target:

- 3.2.1 Meet Level II Milestones associated with Stockpile R&D that includes options for future warhead concepts. (B&R Code DP07)

Performance Evaluation Criteria:

34	Performance
33	Schedule
33	Cost
100%	

Performance Measure Teams:

SNL Measure Team

Joe Polito

DOE/NNSA Measure Team

Dan Pellegrino, SSO
Ron Rodger, SSO
Marty Schoenbauer, NA-122
Kevin Greenaugh, NA-115

Performance Objective #4 – Defense Programs

Maintain a flexible and responsive infrastructure.

(PO derived from NA-10 Top 10 List – Priority 7 & 9)

Performance Measure:

- 4.1 Prepare and execute an integrated, comprehensive RTBF/Facilities and Infrastructure Recapitalization Project (FIRP) plan consistent with the Nuclear Weapons Complex Enterprise Strategy to ensure a flexible, responsive, robust infrastructure. (Level 1 Milestones #333, #355 in MRT)

Performance Target:

- 4.1.1 Meet Level II Milestones associated with RTBF. (B&R Code DP09)

Performance Measure:

- 4.2 Through campaigns define, explore, and develop specific technologies and facilities that anticipate and/or enable future stockpile requirements and future system concepts. (“Focus Area” identified under NA10 Top Ten #9)

Performance Target:

- 4.2.1 Meet Level II Milestones associated with the Readiness Campaign. (B&R Code DP08)

Performance Evaluation Criteria:

34	Performance
33	Schedule
33	Cost
100%	

Performance Measure Teams:

SNL Measure Team

Carolyne Hart

DOE/NNSA Measure Team

Dan Pellegrino, SSO*
Pete Otero, SSO
Xavier Ascanio, NA-124
Mike Thompson, NA-117
Bill Mullen, SSO
Mike McFadden, SSO

Award Term Incentive #3: Increase Effectiveness as a Corporate Player in the Nuclear Weapons Complex.

Performance Measure

- Actual Sandia contributions to the Nuclear Weapons Complex that improve cross-site coordination and performance.

Performance Targets

- Expand development of Advanced Simulation and Computing (ASC) engineering code requirements to advance, implement, and support modern engineering analysis processes for the Nuclear Weapons Complex.
- Cooperative efforts between and among Labs and Plants to establish “Fast Track Responsive Teams” to meet emerging design and production requirements.
- Leadership in development of processes with Pantex, Lawrence Livermore National Laboratory (LLNL), and Los Alamos National Laboratory (LANL) that will enable multi-site performance of the Integrated Weapon Activity Plan (IWAP) in support of Safety/Hazard Analysis.
- Develop and implement common interfaces and tools for use by Kansas City Plant (KCP). Examples include:
 1. SNL and KCP collaborate to assist the Air Force with streamlining their Limited Life Component logistics.
 2. SNL collaborate with KCP to meet commitments for agreed upon scope and cost for the W76 Arming Fusing & Firing system.
 3. SNL and KCP collaborate to develop and implement a process to assess and qualify Commercial Off-the-Shelf components in support of program needs.
 4. SNL, KCP, and LANL work together toward streamlining reservoir activities for design and production.

Performance Measure

- Proactive support for NNSA in effective management of the Nuclear Weapons Complex.

Performance Target

- Support for NNSA activities to deploy tools to the Nuclear Weapons Complex that will enable more effective enterprise management.

Performance Measure

- Deployment of weapons activity options that are effectively coordinated and communicated with NNSA Program Managers. These options will include capability analysis, costs, and impact on NNSA Plants.

Performance Targets

- Development of options that drive overall weapon-design cost effectiveness, including Limited Life Component exchange.
- Effective and timely communications with NNSA Program Managers concerning design option analysis.
- Identification and resolution of critical gaps preventing technical/ programmatic success in overall Nuclear Weapons Program.

Q1 FY04 Priorities & Milestone Summary (Top 10 Priorities, L1, L2)

PO #1 Immediate Stockpile (Pr. 1)		PO #2 Methodologies for Certification (Pr. 2&3)			PO #3 Extend Stockpile and New Options (Pr. 4&5)		PO #4 Responsive Infrastructure (Pr. #7&9)
PM 1.1 (L1 332, 334)		2.1 (L1 342, 349, 359)	2.2 (L1 360)	2.3 (L1 340)	3.1 (L1 344, 345, 347, 348, 352, 361)	3.2 (L1 339)	4.1 (L1 332, 333, 355)
Target 1.1.1 P&PD, SM, SE (L2)		2.1.1 ASC (L2)	2.2.1 ICF (L2)	2.3.1 Campgns (L2)	3.1.1 LEP/Refurbishment (L2)	3.2.1 R&D (L2)	4.1.1 RTBF, Read Camp (L2)
137 W78 IWAP	121 W78 P&PD/AAR	2 (ASC)	231 (ICF)	42 (SC)	128 B61 Alt 356/358/359	1 W80-3	262 (RTBF)
146 W87 IWAP	122 W80 P&PD/AAR	3 (ASC)	232 (ICF)	43 (SC)	984 B61-7/11 LEP FWDR	133 W76-1	263 (RTBF)
148 W88 IWAP	123 B83 P&PD/AAR	4 (ASC)	239 (ICF)	58 (EC)	985 B61-7/11 LEP PDAR	134 W76-1	264 (RTBF)
163 B61 Alt 335/358/ 354	124 W84 P&PD/AAR	5 (ASC)	240 (ICF)	59 (EC)	986 B61-11 NDE Rebuilds	141 W80-3	270 (RTBF)
982 B61 FWDR	126 W88 P&PD/AAR	6 (ASC)	245 (ICF)	216 (SC)	990 W80-3 LOT Buys	142 W80-3	271 (RTBF)
983 B83 IWAP	156 Reliability Reports	13 (ASC)	246 (ICF)	222 (EC)	1067 W76-1 LOT Buys	149 RNEP	374 (RTBF)
988 W80 IWAP	162 SFI multi	27 (ASC)		223 (EC)		150 RNEP	375 (RTBF)
	167 B61 P&PD/AAR	28 (ASC)		224 (EC)		151 multiple	376 (RTBF)
	168 W62 P&PD/AAR	29 (ASC)		225 (EC)		165 W80-3	680 (RTBF)
	169 W76 P&PD/AAR	30 (ASC)		254 (EC)		583 B61-7,11 Alt 357	681 (RTBF)
	370 W87 P&PD/AAR	31 (ASC)		255 (EC)		1078 W78 JTA 6	682 (RTBF)
	991 W87 JTA	32 (ASC)		256 (EC)		1079 W76-1	683 (RTBF)
		402 (ASC)		275 (SC)		1080 W80-3	684 (RTBF)
		404 (ASC)		279 (EC)		1081 W80-3	250 (RC)
				280 (EC)			
				372 (SC)			

7 12 14 6 16 6 14 14

Total 89 Milestones

Attachment V

**Memo dated October 4, 2002 with subject Sandia
Underground Reactor Facility at the Sandia National
Laboratories Albuquerque, New Mexico**

memorandum

DATE: October 4, 2002

REPLY TO: NA-117 (S. Jaghoory, 3-7091) (IDRMS 2002-04764)
ATTN OF:

SUBJECT: Sandia Underground Reactor Facility at the Sandia National Laboratories Albuquerque, New Mexico

TO: Director, Office of Kirtland Site Operations

By this memorandum, I am informing you of my decision to cancel the subject project. My decision is based on the recommendation of the Sandia National Laboratories (SNL) Program Manager and the determination that due to the recently completed draft Design-Basis Threat, the security cost savings envisioned in justification of the project, are no longer valid. In addition, the estimated cost to construct the facility has been rising since the project performance baseline was established. As a result, the payback period for capturing the initial investment has increased; further reducing the programmatic benefit anticipated from the project.

Please inform the SNL management to take the necessary steps to immediately halt all project activities and close down the project. All project documents need to be archived in accordance with applicable federal regulations and Department of Energy Orders. All cost accounts must be closed within 180 days of receipt of this decision memorandum, and all uncosted funds should be returned to Defense Programs Headquarters account.

In light of the difficulty experienced in linking the Preliminary Safety Analysis Report and the design, the Director, Office of Project Management and Engineering Support, NA-54, has agreed to conduct a review of the project. Results of the review will be posted on the NA-54 web page and should provide valuable lessons to future nuclear facility projects. The date of this review will be negotiated with the project team.

Please convey my complete satisfaction and appreciation to Dawn Suazo, the Federal Project Manager, the Federal Integrated Project Team, and the SNL project team, for their hard work, dedication, and commitment to this project.

If you have any questions, please call Dennis Miotla at 301-903-5427.



David H. Crandall
Assistant Deputy Administrator for
Research, Development and Simulation
Defense Programs

Oct 7 1 57 PM
M. J. Jaghoory
Dawn