



State of Utah

Department of  
Environmental Quality

Dianne R. Nielson, Ph.D.  
*Executive Director*

DIVISION OF RADIATION  
CONTROL  
Dane L. Finerfrock  
*Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY HERBERT  
*Lieutenant Governor*

August 4, 2008

CERTIFIED MAIL  
(Return Receipt Requested)

Mr. Harold R. Roberts  
Executive Vice President – US Operations  
Denison Mines (USA) Corp. (DUSA)  
1050 17<sup>th</sup> Street, Ste. 950  
Denver, CO 80225

Dear Mr. Roberts:

**SUBJECT: July 25, 2008 DUSA 2008 Response to Request for Information; June 23, 2008 DRC Request for Information; Annual Surety Update for the White Mesa Mill and Tailings Management System, Radioactive Materials License No. UT1900479  
Updated Surety Estimate, Revised Reclamation Plan Approval  
and Request for Evidence of Surety**

We received a letter dated July 25, 2008 on the subject, which revised the previous cost estimate of April 14, 2008, for the surety. This information was sent in response to our comment letter of June 23, 2008. This information updates the booklet titled *Revised Cost Estimates for Reclamation of the White Mesa Mill and Tailings Management System*, dated February 2008.

We have reviewed the calculations and hereby approve the annual revised estimate of \$15,017,129. This updated estimate constitutes a \$2,440,701 increase from the previous approved surety amount of \$12,576,428. A cost of \$1,358,259 for the reclamation of a renovated tailings cell 4A has been added to the estimate. A 4% line item of \$434,855 for Utah DEQ to provide contract administration during reclamation has also been added. The remaining increase is primarily due to the escalation of labor, fuel, and equipment costs.

Adjustments for cleanup of conventional ore and alternate feed material are also in the estimate. It shows an overall decreased inventory of alternate feed material and anticipated increases in conventional ore inventory. The current surety estimate includes a total projected total inventory of 135,820 tons, an increase of 26,194 tons over the 2007 projected inventory estimate.

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We have enclosed two summarizing spreadsheets, our *2008-2009 Surety Comparison Review Summary* and *2008 Conventional Ore and Alternate Feedstock Inventory Estimate, per DUSA Supplied Volumes*. As you are aware, the License for the facility limits the total conventional ore and alternate feedstock inventory in storage to the estimated amounts covered by the approved surety (Condition 10.1.D).

The DUSA letter of July 25, 2008 conveyed revised *Reclamation Plan* figures A-5.1-1, A-5.1-2 and A-5.1-3, showing requested corresponding revisions to the plan, as a result of Cell 4A construction. These changes to the plan are also approved for the current purposes of the surety.

However, as you are aware, a performance assessment study on the tailings pond cover system titled the *Denison Mines (USA) Corp. Infiltration and Contamination Transport Modeling Report, White Mesa Mill Site, Blanding, Utah* is under review by the Division. Additionally, a license renewal application was received by the DRC in March 2007, and is currently under agency review. The reclamation plan is an important part of this process. Based on the final outcome of the study and the license renewal process, the reclamation plan and the surety may need to be adjusted separately from the normal annual renewal sequence.

In accordance with *UAC R313-24-4* (10 CFR 40, Appendix A, Criteria 9 as incorporated by reference), you must submit a replacement surety instrument consistent with the above approvals. Condition 9.5 of the License requires that you submit corresponding written evidence of an adequate surety within 30-days of receipt of this letter. If you have any questions, please contact me at (801) 536-4250.

## **UTAH RADIATION CONTROL BOARD**

Dane L. Finerfrock, Executive Secretary

DLF/dar

Enclosures

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File: IUC 03-05 Surety