



State of Utah

Department of
Environmental Quality

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DIVISION OF RADIATION
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June 23, 2008

CERTIFIED MAIL
(Return Receipt Requested)

Mr. Steven D. Landau
Manager of Environmental Affairs
Denison Mines (USA) Corp. (DUSA)
1050 Seventeenth Street, Suite 950
Denver, CO 80265

Dear Mr. Landau:

SUBJECT: DUSA April 14, 2008 Letter, Revised Surety Update; DUSA March 3, 2008 Letter, Surety Update; February 2008 *Revised Cost Estimates for Reclamation of the White Mesa Mill and Tailings Management System*; and DUSA July 2000 *Reclamation Plan White Mesa Mill, Revision 3.0. Request for Information*

On March 3, 2008 we received a transmittal letter of the same date conveying a booklet titled *Revised Cost Estimates for Reclamation of the White Mesa Mill and Tailings Management System*, dated February 2008. This submittal was received by the date required by License Condition 9.5 for the annual surety update. Later, we received a letter dated April 14, 2008, to update the earlier submittal, primarily by including additional costs to close Cell 4A at the White Mesa Mill. The initial submittal of March 3, 2008 focused on the annual inflationary increases in equipment rental, labor, fuel and subcontractor costs.

As you are aware, the rules require the company to provide the Executive Secretary approved reclamation cost estimates (R313-24-4(2)(j)(iv); 10CFR40 Appendix A, Criterion 9).

In accordance with the above, we have the following comments that must be resolved before DRC approval:

Surety Estimate

1. During comparison of equipment quotes, we noted that one contractor quoted prices valid for 30-days, the other gave no mention of the time period his quote would be valid. For approval, price quotes must include a written statement from providers that their prices are valid for a minimum of 30-days. Therefore, a copy of a written statement from the quoted equipment contractor, Central Rental & Leasing, LLC, that their prices quoted are valid for a minimum of 30-days is requested.

2. Approval of a long term surveillance plan (LTSP) is required for the title transfer of the property to long term care (10CFR40.28(b)). Inclusion of costs for the completion and approval of the LTSP is therefore needed in the surety estimate. At a minimum, this will need to include administrative and other costs to allow for preparation of an LTSP and submittal to and approval by DOE/NRC.
3. We also note from R313-24-4(2)(j)(iv), (10CFR40 Appendix A, Criterion 9), above that, "In establishing specific surety arrangements, the licensee's cost estimate must take into account total costs that would be incurred if an independence contractor were hired to perform the decommissioning and reclamation work." Therefore, inclusion of costs the State of Utah, as procurer, would incur to complete all necessary contract administration for the decommissioning and reclamation work is needed. This would include the preparation and execution of all necessary contract documents, advertising costs, interim inspection costs, payment processing, review of change orders, completion reports and final inspection. Please revise the surety estimate accordingly.
4. Environmental monitoring costs are in the current surety estimate for 4.5 years at \$71,620 per year. According to section 2.3.2 of the *Reclamation Plan* for the White Mesa Uranium Mill, these costs are to include ground and surface water sampling, air, gamma radiation, soil, and vegetation samples.

Please summarize in a table how many samples/analytes for each medium are assumed, and the number of years of sampling. Please include in detail and justify the number of samples/analytes, the years of sampling, analytical and shipping costs on a per samples/analyte basis for each medium. Also include in detail and justify the third party labor and incidental costs for field sampling labor, supplies and equipment, transportation, report preparation, and report review by DRC.

The environmental monitoring cost needs to be adjusted to include the annual increased costs. Similar to item one of this letter, if vendor quotes are used as a cost basis, please include 30-day valid quotes from vendors as part of this response.

5. In the estimate, office facility costs are addressed. After demolition of the existing office building, final temporary office quarters will be necessary to complete the remainder of the work. Please include final temporary office quarters costs.

Reclamation Plan

6. In the reclamation plan, Figure A-5.1-1 was revised and submitted via your April 14, 2008 letter. Figures A-5.1-2 and A-5.1-3 need to be revised to be in agreement with the changes in Figure A-5.1-1. Figure A-5.1-1 needs to be revised to show the location of sections and details taken from it. Please submit these revisions for approval.

Currently, 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.

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In a telephone conversation with Mr. Harold Roberts on April 14, 2008, he agreed that DUSA would fully respond to the above within 30-days of receipt of this letter. If you have any questions or comments, please contact me at (801) 536-4250.

Sincerely,

David A. Rupp, P.E.
Geotechnical Services Section

DAR:dr

Cc: Harold R. Roberts, DUSA

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