



New Mexico Energy, Minerals and Natural Resources Department

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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 8, 2009

Mr. Larry Bush
United Nuclear Corporation
P.O. Box 3077
Gallup, NM 87305

RE: Comments on Closeout Plan, Supplement to the Closeout Plan, and Financial Assurance Cost Estimate, Section 27 Mine, United Nuclear Corporation, Permit No. MK005RE

Dear Mr. Bush,

The New Mexico Mining and Minerals Division (MMD) received three submittals from United Nuclear Corporation (UNC):

1. *“Response to Comments Financial Assurance Cost Estimate Section 27 Mine Site, Permit No. MK005RE McKinley County, New Mexico”* dated July 16, 2008;
2. *“Section 27 Closeout Mine Plan”* dated August 2008; and
3. *“Supplement to the Closeout Plan Section 27 Mine Site, New Mexico Permit No. MK005RE”*.

MMD has reviewed these submittals and has the following comments:

Response to Comments Financial Assurance Cost Estimate Section 27 Mine Site, Permit No. MK005RE McKinley County, New Mexico

1. Response to Comment #2 – MMD accepts the response by UNC to correct Worksheets #3 and #4 to indicate that the ore stockpiles will be buried within the Non-economic Storage Areas (NESA). However, MMD is concerned that the possible rate of soil loss from erosion, over time, may adversely affect the cover depth. If the cover material thins over time, the materials buried within the NESA such as the Ball Mill Reject Pile (BMRP) material may eventually become re-exposed, such that radiation levels would increase above background levels at the surface of the NESA. Please provide the minimum depth below the surface of the covered NESA that UNC will bury the BMRP



and stockpile material. MMD believes that the burial of the BMRP below the native ground surface under the NESAs would add an extra measure of safety into the reclamation of the BMRP and the NESAs. MMD would ask that UNC also consider this approach in the closeout plan. In addition, please provide a proposal outlining how erosion will be controlled and monitored during the post-reclamation phase of the closeout plan, to address the question of long term erosion.

Section 27 Closeout Mine Plan

1. Section 1.5 Vegetation and Wildlife, page 1-3: One noxious weed, a tamarisk (saltcedar or *Tamarix* sp.) was identified located within the proposed permit area. MMD requires that noxious weeds listed on the New Mexico Noxious Weed List (NM Dept. of Agriculture Memorandum, Sept. 20, 1999, as amended) be eradicated from the permit area. Please commit to eradication of all noxious weeds in the permit area, at the time of reclamation, and then during the post reclamation monitoring period.
2. Section 1.6, Additional Materials Characterization Results, page 1-3: Sampling at 6 locations surrounding the previous sampling location, TW-TP2, were stated to be shown on Sheet 1 of the Drawing set. However, the referenced sample locations could not be found on Sheet 1. Please provide the sheet that shows the sampling locations. In addition, a table with the results for each of the samples was not provided. Please provide the sampling results in a tabular format. Additionally, the originally proposed borrow area sample locations were shown on Sheet 3, not Sheet 2 that was referred to in the second paragraph of Section 1.6.
3. Section 2.2.1, Non-economic Storage Area 1, page 2-1 and Section 2.2.2, Non-economic Storage Area 2, page 2-2: Please specify the quality control/assurance method(s) that will be used to assure uniform cover material thicknesses over the Non-economic Storage Areas. Include a description of how the cover materials will be placed (thickness of lifts) and compacted prior to revegetation.
4. Section 2.2.4, Ball Mill Reject Pile, page 2-2: The proposed location(s) for the relocated ball mill reject piles in trenches in the non-economic storage areas is stated to be shown on Sheet 5. Please revise Sheet 5 to show these features. In addition, see MMD comment above to the UNC response to MMD comments on the Financial Assurance Cost Estimate.
5. Section 2.2.5, Ore Stockpiles, page 2-2: Please include on Sheet 5 the locations of the proposed relocated ore stockpiles in the non-economic storage areas.
6. Section 2.2.6, Borrow Source, page 2-2 and 2-3 and Appendix C, Financial Assurance Quantity Calculations and Cost Sheets: Since the proposed borrow area location has changed to an area located to the west of the background reference area (see UNC letter dated November 7, 2008, Supplement to the Closeout Plan), please indicate if the reclamation cost estimate will be revised to take into account the longer haul distance from the borrow area to the non-economic storage areas (see Comment 2 below).

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7. Section 2.4 Shaft and Vent Hole Reclamation, page 2-3 and Sheet 8 of 8: Please provide the calculated "live load" capacity and "dead load" capacity in pounds per square foot of the proposed shaft and vent hole plugs. In addition, MMD requires that the each shaft and vent hole plug includes a sampling port for obtaining groundwater elevation data and groundwater samples during the post-reclamation phase of the closeout plan. Please provide a revised vent and shaft plug design for MMD approval.


Supplement to the Closeout Plan Section 27 Mine Site, New Mexico Permit No. MK005RE

1. Please provide a plan-view drawing showing the location of the proposed second borrow source area and the locations where the soil samples were taken.
2. Since the proposed borrow area location has changed to an area located to the west of the background reference area, please indicate if the reclamation cost estimate will be revised to take into account the longer haul distance from the borrow area to the non-economic storage areas (see Comment 6 above).
3. Disregarding the results for soil sample 4A from the Phase 1 Borrow Source (Table 1) of 15.4 pCi/g of Ra-226, the average concentration of Ra-226 would be 3.7 pCi/g. Phase 2 Borrow Source soil sample results showed an average of 3.5 pCi/g of Ra-226. These results indicate that there is little difference in Ra-226 concentration at Phase 1 and 2 Borrow Sources. However, because of the higher maximum Ra-226 concentration of 15.4 pCi/g at Phase 1 Borrow Source versus 7.0 pCi/g of Ra-226 at Phase 2 Borrow Source, MMD approves the use of the Phase 2 Borrow Source for borrow material instead of the Phase 1 Borrow Source.

The New Mexico Environment Department Ground Water Quality Bureau (NMED) has also reviewed the *Section 27 Closeout Mine Plan* and provided comments to MMD which have been incorporated into this letter. MMD will provide a copy of the NMED comments for your review upon request. Please respond to the comments in this letter by **February 6, 2008**.

Please contact me at (505) 476-3432 or by e-mail at david.ohori@state.nm.us, if you have any questions.

Sincerely,



David R. Ohori, Permit Lead
Mining Act Reclamation Program (MARP)

cc: Holland Shepherd, MARP Program Manager
Kurt Vollbrecht, Mining Act Team Leader, NMED GWQB
Jerry Schoeppner, NMED GWQB
Roy Blickwedel, Project Manager, GE Corp. Environmental Programs
Toby Leeson, MWH Americas, Inc.
Mine File (MK005RE)