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DRC-2011-001010



January 6, 2011

CERTIFIED MAIL
(Return Receipt Requested)

Ms. Jo Ann Tischler
Director, Compliance and Permitting
Denison Mines (USA) Corp (DUSA)
1050 17th Street, Suite 950
Denver, CO 80265

Dear Ms. Tischler:

SUBJECT: November 12, 2010 DUSA Letter, Transmittal of Revised Documents Addressing White Mesa Uranium Mill New Cell 4B and Response to DRC Letter of October 11, 2010; Review of the DMT, O&M, and Contingency Plans, which include revisions for the New Decontamination Pad (NDP) and Other Items; Request for Information

An earlier draft version of this letter was supplied to DUSA by our email dated January 5, 2011. Please note that this final version is different than the draft letter. We have reviewed the subject response letter from DUSA dated November 12, 2010, which is a response to the DRC comment letter of October 11, 2010. The DUSA letter proposes for approval the following three documents, as revised, known as:

- The *White Mesa Uranium Mill Contingency Plan (Contingency Plan), 11/2010 Revision: DUSA-4.*
- The *White Mesa Mill Tailings Management System and Discharge Minimization Technology (DMT) Monitoring Plan (DMT Plan), 11/10 Revision: Denison-11.*
- *Cell 4A and Cell 4B BAT Monitoring, Operations and Maintenance Plan (Cell 4A& 4B O&M Plan), 11/2010 Revision Denison 2.0;*

After review of these documents, we have the following comments and requests for information:

- The Contingency Plan (11/2010 Revision: DUSA-4)

Please be aware that in order to expedite the Cell 4B review process, that DRC review of the Contingency Plan will be addressed under separate cover, proceed independently, and not be tied to the use of the NDP nor Cell 4B. The following is noted for future reference:

- A. In the subject November 12, 2010 letter, DUSA provides proposed red-line and clean versions of the Contingency Plan version noted, which include aspects regarding Cell 4B.
- B. The third paragraph as well as Section 2.a.1 of a September 2, 2010 DUSA letter discusses

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contingency plan comments in our May 10, 2010 letter.

•The DMT Plan, 11/10 Revision: Denison-11:

1. We acknowledge a section of paragraph 3.1.e.i.D has been changed appropriately, to read that, “. . . The depth to water from the top . . . of any of the three (3) observation ports to the standing water shall be no less than 6.2 feet.” It appears that incorporation of this item into an approved DMT Plan would complete the issues regarding the NDP with respect to DMT Plan adjustments.
2. The DMT Plan (as well as the O&M Plan), incorporating necessary items for Cell 4B, must be approved prior to DRC authorization of use for Cell 4B. Regarding freeboard requirements, the Plans proposed by the subject DUSA November 12, 2010 letter make the assumption that Cell 4B is currently authorized for use, and it is not necessary to establish a freeboard for Cell 4A. However, this is incorrect. This approach DUSA has taken appears to necessitate one of the following:
 - a. That the last action prior to authorizing use of Cell 4B must be the approval of the DMT Plan (and the O&M Plan), or
 - b. To obtain approval of the DMT and O&M Plans now, DUSA change the plans to establish the freeboard for Cell 4A to be one of the following, either:
 - (1). The fixed freeboard elevation for Cell 4A, established by the DRC freeboard variance letter of November 20, 2008, or
 - (2). Change the current freeboard determination verbiage proposed in these Plans be more robust. This would include that the freeboard for Cell 4A or Cell 4B, as may be applicable, would be established by the rigorous freeboard calculation method outlined in former proposed Plans, but would be written such that if Cell 4B becomes approved, that the freeboard determination method would no longer be needed for or apply to Cell 4A.

Please provide DRC your decision to us in this regard, together with any and all necessary corresponding changes to the DMT Plan.

3. The following changes in DMT Plan forms, related to tailings beach elevations, are needed due to the need to measure beach elevations in tailings Cells 4A or 4B, as applicable (per paragraph 2 above). This issue was brought to your attention earlier in our letter dated October 11, 2010. The freeboard for these ponds is determined from the use of such (see paragraph 6.3 and Appendix F of the DMT Plan):
 - a. On page 28 of 49 in Appendix A of the submitted clean copy of the Plan:
 - (1) The heading numbered as one, near the left margin on that page, must state “Pond and Beach elevations . . .,” the following earlier proposed DMT Plan versions also contained this provision:
 - (a). 12/08 Revision: Denison-7,
 - (b). 05/09 Revision: Denison-8, and
 - (c). 3/10 Revision: Denison-9.
 - (2) In the corresponding page of the submitted red-line version (i.e. page 33 of 56), item number one contains sections for Cell 4A and Cell 4B. An item (d) stating “Elevation of Beach Area with the Highest Elevation (monthly),” must be added into the sections on this page for each of these cells, as applicable with paragraph 2 above. (Earlier proposed DMT Plan versions contain this item (d) for Cell 4A, in the versions given in paragraph 3.a. above).

- b. Section 3.1.d.vii, paragraph C should be labeled as paragraph B. The title of this paragraph should be "Cell 4A or 4B Beach Elevation," as needed and applicable with paragraph 2 above. The body of that paragraph should indicate that the beach elevation survey will be in Cell 4A, or Cell 4B as applicable. (If Cell 4B becomes approved for use, it then will be is no longer necessary to establish freeboard elevation for Cell 4A).
4. Please correct miscellaneous errors noted at the following locations on the subject submitted red-line DMT Plan copy:
- a. The third paragraph of page 2, and in paragraph a) below it, the deletion and relocation of a sentence is erroneous.
 - b. Last paragraph of page 3, the elevations listed for the lowest points on the flexible membrane liners for Cells 4A and 4B conflict with the elevations listed in Appendix A (page 33 of the red-line copy) for Cells 4A and 4B.
 - c. On page 11 heading III, (used for the Roberts Pond) should be a heading IV.
 - d. In Section 6.3, the fifth paragraph, the first number in the parenthetical phase appears it should be 40 rather than 45.72.
 - e. On page 28 of the clean copy, corresponding to p. 33 of the red-line copy, for Cell 4A the FML bottom elevation line needs to be right justified.
 - f. On page 33, paragraph number 2, the statement, "Pump Timer set at 15min on" needs to be deleted.
 - g. On page 36, the asterisk footnote shown refers to an elevation which appears to apply only to Cell 4A. The footnote needs to be adjusted somehow include the elevation that applies to Cell 4B as well.

•The Cell 4A& 4B O&M Plan, 11/2010 Revision Denison 2.0, of the submitted red-line copy:

- I. Figure 6B does not follow the same logic as Figure 6A; I.e., the lowest FML elevation above the sump level is not 1.5-feet above the sump bottom (for the 18-inch diameter collection pipe) as in Figure 6A. Please explain and justify this difference.
- II. On page 11, in two separate paragraphs numbered 1 and 2, the second and the last sentence respectively, contain a parenthetical phase that must be deleted or adjusted, as it is incorrect.
- III. On page 14, in the third sentence, the parenthetical phase must be deleted or adjusted, as it is incorrect.
- IV. Also, on page 14, the second to last sentence from the bottom of the page, beginning with, "Each pump is equipped with....," refers to distances of 2.25 feet and 9-inches. These distances appear to not be applicable for the Cell 4B sump and respecting Figure 6B. Please revise this sentence and or figure, to be correct for Cell 4B as well.
- V. On page 15, the last sentence of the first paragraph on that page must specify what Figure it refers to.
- VI. Page 17, the third paragraph states, "Condition 10.3 states that....," however, current License Condition 10.3 does not state the verbiage quoted after that sentence. Please adjust this paragraph with the proper references and verbiage, as applicable.
- VII. Beginning on page 17, rewrite the section of the O&M Plan titled "Cell 4A Solution Freeboard Calculation," including the title of that section. This will need to be done according to DUSA's application of the paragraph numbered 2, under the DMT Plan comment section of this letter.

- VIII. Please correct miscellaneous errors noted at the following locations on the subject red-lined copy of the Cell 4A and 4B BAT O&M Plan:
- a. On page 6, paragraph e.2, add a sentence which describes that the non-woven geotextile material is also overlain at the surface by a woven geotextile fabric, which is ballasted laterally by sandbags on each side of the backbone gravel berm.
 - b. The above item also must be added to paragraph e.2 on page 3 and 4.
 - c. On page 6, paragraph e.3, also add a sentence which describes that the non-woven geotextile material is also overlain at the surface by a woven geotextile fabric, which is ballasted by sandbags.
 - d. The above item also must be added to paragraph e.3 on page 4.
 - e. Page 20, entry 11 on the Attachments list needs to be updated, and the sentence ended with "DMT Monitoring Plan."

Please review the above comments, and respond in writing, submitting the requested information. Please include complete final copies of the applicable revised subject plans, given new and unique version numbers. Per my conversation with Mr. Harold Roberts on January 5, 2011, I mentioned that DUSA's response time on this letter is left to DUSA's discretion, in as much as the approval of the DMT and O&M Plans is a requirement for a DRC authorization for use of Cell 4B. If you have any questions on the above, please contact me.

Sincerely,



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

DAR: dr

Cc: Harold R. Roberts, DUSA
Phillip Goble, DRC