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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

May 11, 2006

Paul Michalak, Hydrogeologist
Uranium Processing Section
Fuel Cycle Facilities Branch
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Material Safety and Safeguards
Nuclear Regulatory Commission
Washington, D.C. 20555-0001

40-6903

RE: Comments on Draft Environmental Assessment for Homestake's Milan, New Mexico Project Site

Dear Mr. Michalak:

The New Mexico Environment Department (NMED) received the Nuclear Regulatory Commission's Draft Environmental Assessment (EA) for the former Homestake Mill located in Milan, New Mexico dated April 10, 2006. The EA was issued in accordance with 10 CFR Part 40, Appendix A, Criterion 5B(5)(a) in order to establish ground water protection standards (GWPS) by reference to the background concentrations for the site. NMED currently has two (2) Discharge Permits for the site and the site is listed on the National Priorities List.

NMED concurs with the EA finding of no significant environmental impacts in approving the GWPS based on background concentrations. NMED does however, provide the following comments on this submittal:

1. Section 1.1 Background:

- a. The first paragraph incorrectly references Pleasant Valley Estates as Pleasant Valley Acres.
- b. Paragraph two, sentence five: the word "evacuation" should read "evaluation".
- c. The last paragraph states that the proposed GWPS apply at Point of Compliance wells D1 and X pursuant to the NRC license. It must be noted that NMED requires that the entire groundwater system must meet any approved GWPS.

2. Section 2.0 The last paragraph New Mexico Environmental Department, whereas it should read New Mexico Environment Department.

AMSSO1

Paul Michalak

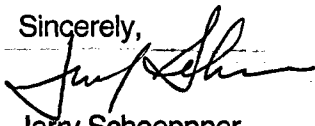
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RE: NMED Comments on NRC's EA Establishing Site Ground Water Background Concentrations for the Homestake Mining Company Mill Site, Milan, NM

3. Section 3.0 Need for the Proposed Action: The third sentence should read "well and were based on drinking". Also, "GPWS" should read "GWPS".
4. Section 4.1 Hydrogeology: It is NMED's understanding that the Upper Chinle aquifer flows towards the north and not the south.
5. Section 4.2.1 Ground-water Remedial Activities: This section states that operation of the groundwater remedial system is scheduled to be completed in 2001, which implies that the proposed GWPS will be met. This section should state that this date is based on Homestake Mining Company's estimate and is not necessarily supported by any of the regulatory agencies.
6. Section 4.2.2 Residential Use: The second paragraph should state that 12 "additional" wells were identified as being used as primary drinking water supplies, not a total of 12 wells.
7. Section 5.0 Alternatives to the Proposed Action (Conclusion):
 - a. Although it is true that either alternative will require additional post-restoration treatment to meet Federal Maximum Contaminant Levels, the costs involved may be significantly higher under the proposed alternative due to higher contaminant concentrations. This cost differential does not however change the conclusion of no significant environmental impact.
 - b. Paragraph One, Sentence One: "spilt" should read "split"
 - c. Paragraph Two, Last Sentence: "require" should read "required".

Please contact me at (505) 827-0652 if you should have any questions.

Sincerely,



Jerry Schoeppner
Mining Environmental Compliance Section
Ground Water Quality Bureau

Cc: Mary Ann Menetrey, MECS Manager
Dana Bahar, SOS Manager
Jake Ingram, SOS
Sai Appaji, EPA Region 6
Al Cox, Homestake Mining Company
HMC file