29 March 2007

Via UPS Overnight

Mr. Bill Von Till, Branch Chief
c/o Document Control Desk
Fuel Cycle Facilities Branch (Mailstop T8-A33)
Division of Fuel Cycle Safety and Safeguards
Office of Nuclear Materials Safety and Safeguards
U. S. Nuclear Regulatory Commission
11545 Rockville Pike
Two White Flint North
Rockville, MD 20852-2738

RE: **Grants Reclamation Project**
          Docket No. 40-8903
          License No. SUA-1471
                              2006 Annual Groundwater Monitoring Report

Dear Mr. Von Till:

Pursuant to NRC License SUA-1 471, Docket 40-8903, License Condition 35(E), Homestake Mining Company of California (HMC) hereby submits two (2) copies of our 2006 Annual Monitoring Report / Performance Review for the Grants Reclamation Project. This report is an updated performance review of the groundwater corrective action program for the Grants site. Also included is a CD in each binder copy containing an electronic PDF file version of the report.

HMC noted in the past that monitoring conditions on the site are subject to change and may require periodic judgment decisions relative to the ability to supply certain data to meet the Table 2 - Groundwater Monitoring Program (8-99) requirements, as modified by NRC License provisions. With respect to the well monitoring requirements outlined in Table 2, monitoring well 492 was not sampled as the well is obstructed and has an inoperable pump in the well. Additional communications with the landowner will be necessary to determine the approach that may be required to facilitate future sampling of this well.

Thank you for your time and attention on this matter. If you have any questions or require additional information, please contact me in our Grants office at (505) 287-4456 Ext. 17 or via cell phone at (505) 400-2794.

Sincerely yours,

HOME STAKE MINING COMPANY
OF CALIFORNIA
Alan D. Cox

Enclosures (2 copies 2006 Annual Performance Review report)

xc: B: Spitzberg, NRC Arlington, TX (w/encl.)   R. Chase, SLC, (electronic copy.)J.
          Schoeppner, NMED (w/encl.)   D. Deisley, SLC (electronic copy)
          S. Appaji, Region VI EPA, (w/encl.)   B. Ferdinand, SLC, (electronic copy)
          D. Hicks, DOE Albuquerque (w/encl.)   G. Hoffman, Casper (w/o encl)

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