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May 7, 2007

Mr. Dennis Sollenberger  
U.S. Nuclear Regulatory Commission  
One White Flint North  
11555 Rockville Pike  
Rockville, Maryland 20852

Subject: Durita License Termination – NRC Review of Groundwater  
Evaluation/Completion Review Report

Dear Mr. Sollenberger,

Hecla and the State of Colorado have successfully partnered and worked closely together to complete all closure activities associated with the Durita site. The Durita closure fully complied with the State of Colorado's NRC-approved program and fully complied with the applicable program rules.

The closure of the site utilized sound engineering and science to ensure the long-term protection of human health and the environment in and around the Durita site. Specifically, the completed approved closure activities were designed to ensure long-term protection of the groundwater and to effectively remove the driving force for potential future groundwater contamination.

While the NRC has not yet made a decision on the groundwater section of the Completion Review Report, the NRC report recently provided to Hecla (Assessment of Hydrologic Conditions and Need for Long-Term groundwater Monitoring at the Former Durita Uranium Mill, Naturita, Colorado) recommends that the groundwater quality throughout the interior of the site be investigated. If this position is taken by NRC, it ignores 23 years of groundwater monitoring activities at the Durita site. The State of Colorado is on record with their disagreement over the NRC's interpretation of the State's program position. Hecla's outside legal counsel will expand separately regarding the NRC's interpretation of the State's program rules. The State will also weigh in on the hydrogeologic stability of the Durita site.

RIDS: SP08

STP-006 *Complete*

From Hecla's standpoint, we fully complied with the State's NRC-approved program and fully complied with applicable program rules. Neither the State nor Hecla should be placed in the untenable and remarkable position to predict the future concerning how the NRC might potentially interpret a State rule in a manner inconsistent with the plain reading of the rule. From a groundwater monitoring perspective, Hecla has fulfilled the requirements.

The groundwater monitoring program at the Durita site began with the installation of a monitoring well system in 1976. Quarterly monitoring ensued, which encompassed not only pre-operation of the site, but also throughout operation and past post-operation closure activities associated with the final isolation of all contaminated materials, which was completed in 1997.

The original wells were located and constructed based upon technical requirements applicable in 1976. In 1990, the State raised a concern over well construction standards of 1976, with a primary concern being potential well contamination via surface water flows. Hecla agreed to install seven new monitoring wells in 1991, with both construction and siting dictated by the State. The wells were sited to specifically give a credible estimate of the hydrogeologic conditions as required by Part 18 of Colorado's program regulations. Monitoring of the new wells by Hecla through 1998 demonstrated monitoring results consistent with the monitoring results of the historic wells with no adverse impact to the groundwater. Hecla closed the monitoring wells in 2002 in accordance with State of Colorado rules.

From a timeline perspective, subsequent to the isolation of all contaminated site materials in 1997, the following activities occurred:

- 1998/99 - the completion of surface water diversion structures, completion of erosion protection, and surface restoration (final grading and seeding of disturbed areas)
- 2000 - completion of the ongoing monitoring of settlement monitors and the ongoing monitoring of revegetation activities
- 2001 – completion of revegetation monitoring as verified by consultant's report to the State documenting revegetation success and the request for license termination. The State also initiated development of the Completion Review Report (CRR) for the Durita site in 2001.
- From 2001 forward, the process for license termination was in the hands of both the State and the NRC. The State began to develop the CRR in 2001 and submitted the draft CRR to the NRC in 2003.

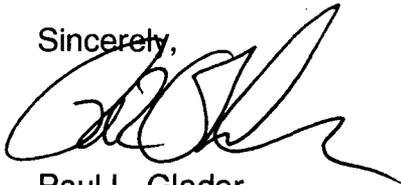
While the CRR process was progressing through both the State and NRC, Hecla continued ongoing activities associated with the Durita license (annual

inspections, annual fees, reports, payment of state personnel time associated with the site) as well as obligations associated with the site bond. Hecla worked with DOE on establishing site boundary markers, the site sign, and the site monument. In addition, Hecla worked with the Army Corps of Engineers (ACOE) to obtain all necessary site title documentation as well as the purchase of the mineral rights by Hecla from a private party. DOE is on record as desiring closure of the site wells prior to transfer of the site from Hecla to the DOE. The DOE's draft Long-Term Surveillance Plan for the Durita (UMTRCA Title II) Disposal Site, Montrose County, Colorado (February 2005) reflects the fact that the DOE did not anticipate any need for ongoing groundwater monitoring.

Hecla has committed many years and millions of dollars to complete the successful reclamation and closure of the Durita site. Hecla has fully complied with all requirements of the NRC-approved State program, consistent with the requirements of the negotiated SA-900 procedure process.

Hecla is justified in believing that this compliance under continual State oversight is sufficient for license termination, particularly given the full support and approval of the State controlling and implementing their NRC-approved program. We look forward to our discussion Wednesday May 9.

Sincerely,

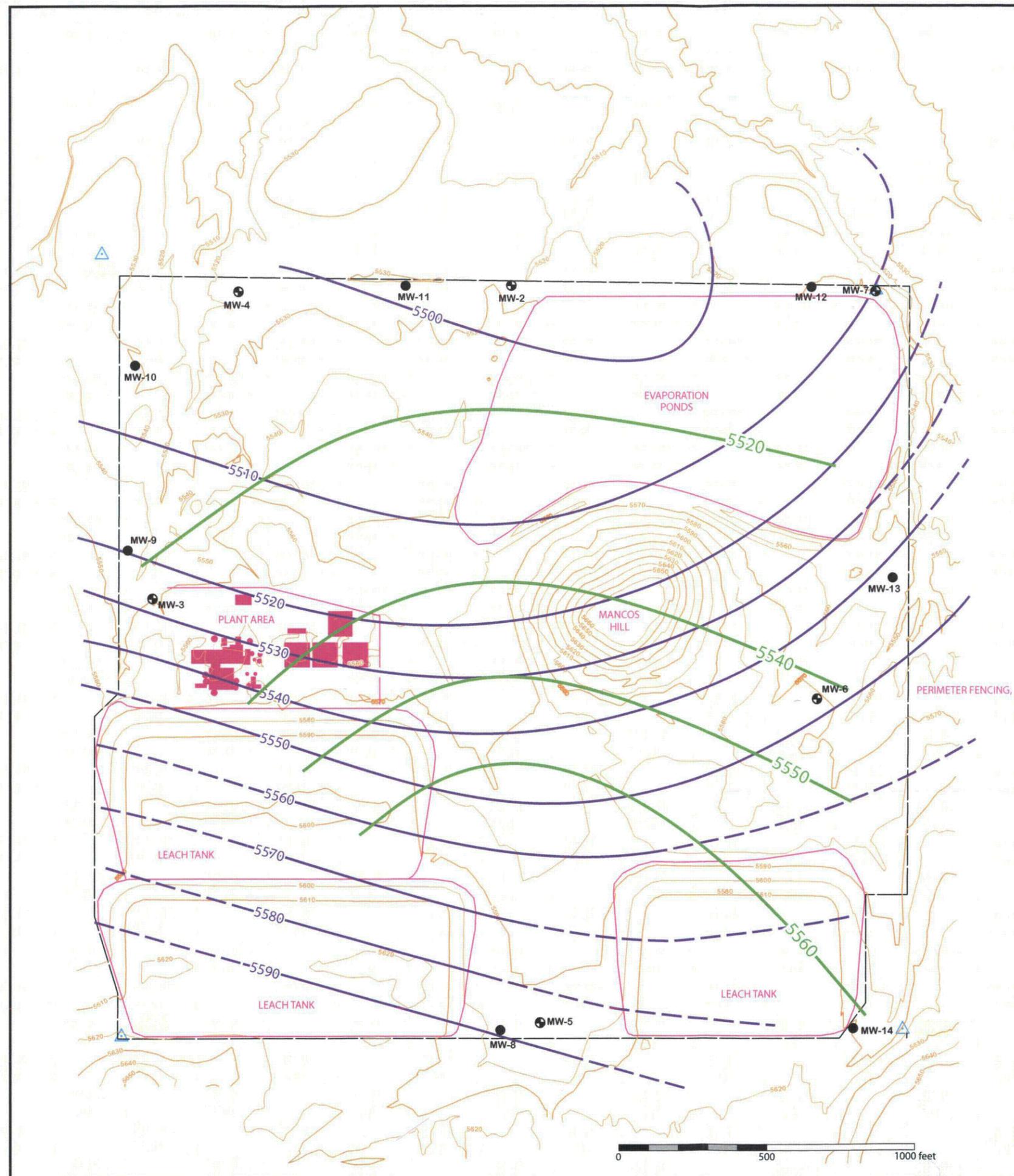


Paul L. Glader  
Manager Environmental Services

Attachments – 3

cc: Phil Stoffey – State of Colorado  
Tony Thompson – Thompson & Simmons  
Phil Wolf - Hecla Mining Company

# Durita Pre-reclamation



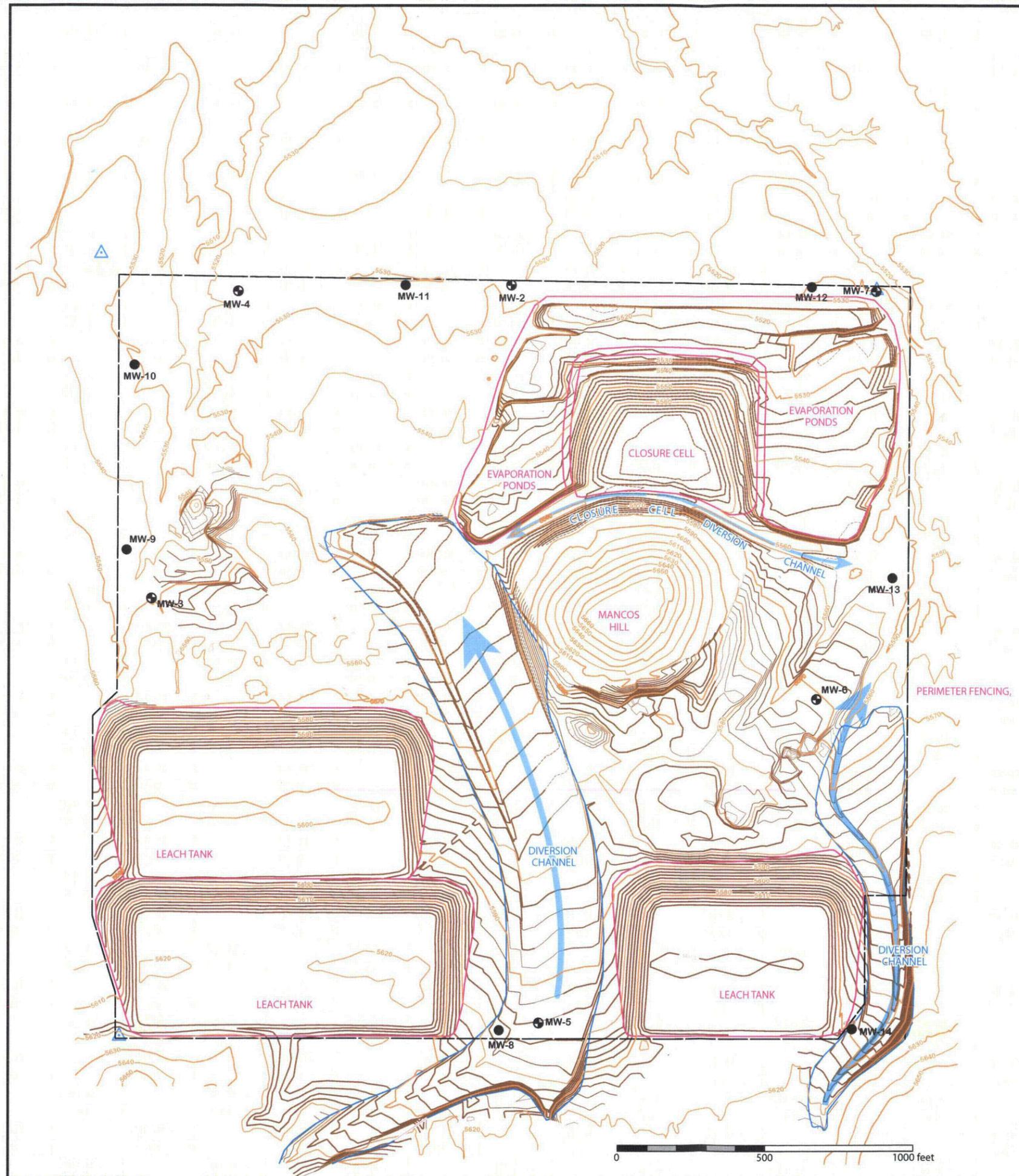
● Historical monitoring well  
(MW-2 through MW-7)

● 1991 monitoring well  
(MW-8 through MW-14)

— Uppermost piezometric surface  
(groundwater)

— Potentiometric surface  
(surface water)

# Durita Post-reclamation



- ⊕ Historical monitoring well (MW-2 through MW-7)
- 1991 monitoring well (MW-8 through MW-14)

Durita pre-reclamation



Durita post-reclamation

