



State of New Jersey
DEPARTMENT OF ENVIRONMENTAL PROTECTION

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May 23, 2008

David J. White, Ph.D., HSE Director
Shieldalloy Metallurgical Corporation
545 Beckett Road, Suite 201
Swedesboro, NJ 08085-1548

Dear Dr. White:

Thank you for your letter of May 9, 2008 to Deputy Attorney General Reese requesting information on the six uranium mill companies that we have researched (Enclosure 1). Our hope is that the recent interest in nuclear power and the concurrent tight supply of uranium may make extraction a viable alternative to simply disposing of the slag in its current form. This excerpt from the Areva website leads us to believe that it is at least worth pursuing again.

At present, the supply of uranium is considered to be fairly tight. This is likely one of the reasons for the recent price increases. Part of the present concern over supply results from the low prices that uranium producers had been receiving throughout the 1990's and up to a couple of years ago. The low prices discouraged exploration for new ore bodies and hindered the development of mines from the ore bodies that had been discovered.

Now, we are trying to find and produce uranium as quickly as reasonable. Since there is usually a time lag of 10 to 20 years between the discovery of an ore body and production from it, increasing production takes time.

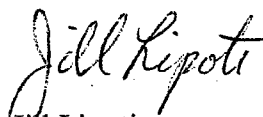
If reprocessing is not achievable, then direct disposal at these facilities is another option that should be explored. In July of 2000, the Nuclear Regulatory Commission issued a Staff Requirements Memorandum (Enclosure 2) which directs the staff to allow more flexibility in the disposal of non-11e.(2) byproduct material at mill tailings impoundments provided that: 1) there is adequate protection of the public health, safety, and the environment; 2) the long-term custodian of the site has indicated its willingness to accept responsibility for maintenance of the site; and 3) necessary approvals of other affected regulators (e.g. states, the Environmental Protection Agency) have been obtained. We do not believe that these conditions are insurmountable. Please let us know if you would like the Department to assist you in discussions with the federal agencies, facilities, and/or their host states.

The only direct contact we have had is with Oscar Paulson, Facility Supervisor of the Sweetwater Uranium Mine near Rawlins, Wyoming. This mill is currently in stand-by mode as it has been for many years, but we understand that Kennecott Uranium Company may decide to refurbish and restart the facility.

Finally, we would like to reiterate our concerns with your present approach to "decommissioning" your Newfield facility. We must disagree with your belief that a long term control license represents the safest alternative. We are not requesting that a long term control license be implemented at another location as you state in your letter. There are existing regulations for the long term custody and management of uranium mill tailings. In our view, these regulations offer greater protection than onsite management for a number of reasons, including the requirements of remoteness and isolation from populated areas, groundwater monitoring, minimization of erosion from natural forces (low rainfall), hydrologic conditions (depth to aquifer), and the requirement for ownership by the federal or state government.

Consistent with our willingness to assist you as you explore off-site disposal options, we would appreciate you copying us on your correspondences with these facilities. We still believe that offsite disposal at a licensed low level radioactive waste disposal facility would be the most expedient and preferable option. Please contact Jenny Goodman at (609) 984-5498 if we can be of any assistance.

Sincerely yours,



Jill Lipoti
Director

c: Jack Hayes, USNRC
Michael Clark, USNRC
Andrew Reese, DAG, State of New Jersey
David Smith, Radiation Safety Officer, SMC