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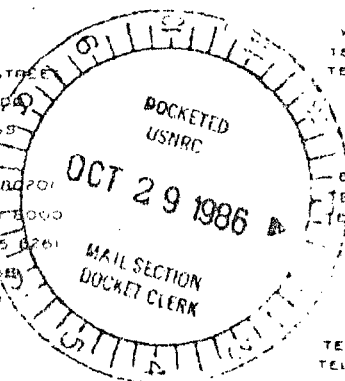
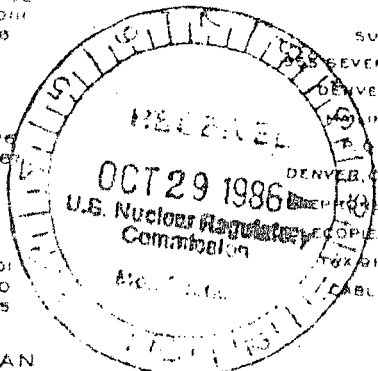
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October 28, 1986

RETURN ORIGINAL TO TDR, HQ.

Mr. Pete J. Garcia, Jr.
Licensing Branch
Uranium Recovery Field Office, Region IV
United States Nuclear Regulatory Commission
Post Office Box 25325
Denver, Colorado 80225

Hand Deliver

Dear Mr. Garcia:

By letter of September 26, 1986, Mr. Harry J. Pettengill provided UNC Mining and Milling, a Division of United Nuclear Corporation, with a draft license setting forth your agency's understanding of the contents of UNC Mining and Milling's New Mexico radioactive material license, based upon license files transmitted to your agency by the State of New Mexico. By his letter, Mr. Pettengill requested a written response by our client either confirming the draft license or providing any changes which UNC Mining and Milling believes are part of the license.

As you know, a petition for review has been filed in the United States Tenth Circuit Court of Appeals by the Uranium Environmental Subcommittee, Case No. 86-2089, challenging the assertion of authority by the Nuclear Regulatory Commission over the New Mexico licensing program. UNC Mining and Milling does not concede that the Nuclear Regulatory Commission has licensing or other jurisdiction over UNC's Church Rock facility. Nor does UNC Mining and Milling waive its right to contest the validity of Nuclear Regulatory Commission actions with respect to the license for that facility. Furthermore, UNC questions the applicability of the regulatory obligations promulgated by the

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HOLLAND & HART
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Mr. Pete J. Garcia, Jr.
October 28, 1986
Page 2

Nuclear Regulatory Commission pursuant to the Atomic Energy Act and the Uranium Mill Tailings Radiation Control Act of 1978 to the Church Rock site, and is currently completing its factual and legal research on these important matters. However, subject to the foregoing, UNC Mining and Milling's comments regarding the results of the Nuclear Regulatory Commission review of the New Mexico Environmental Improvement Division licensing actions (the "draft license") are set forth below.

Condition 2 of the draft license is incorrect. The correct mailing address is:

Post Office Drawer QQ
Gallup, New Mexico 87301

Condition 3 of the draft license is incorrect. The correct license number is NM-UNC-ML-18.

Condition 9D should be modified by inserting the phrase "1977, signed by H. John Abbiss and letters dated" following the words "March 22" in the second to last line, and by adding the phrase "signed by N. Savignac" at the end of the last line. This change is required because of the voluminous correspondence between UNC Mining and Milling and the New Mexico Environmental Improvement Division at the time.

Conditions 12 through 15 of the NRC draft license were not a part of UNC Mining and Milling's Church Rock license. These conditions should therefore be deleted.

Condition 12 of the original New Mexico radioactive materials license identified those UNC personnel authorized to use or supervise the use of radioactive materials. Condition 12 of the license should indicate that radioactive materials shall be used by, or under the supervision of, E. Morales, UNC Mining and Milling's authorized Radiation Safety Officer.

Condition 23 was deleted by license amendment on June 24, 1980.

HOLLAND & HART
ATTORNEYS AT LAW

Mr. Pete J. Garcia, Jr.
October 28, 1986
Page 3

Condition 27 should be modified by inserting the phrase "signed by H. J. Abbiss" after the words "November 30, 1976" in the last line, and by adding the phrase "signed by N. Savignac" at the end of the last line.

Condition 30 should be modified by deleting the words "November 22" in the third line, inserting the phrase "signed by H. J. Abbiss and November 22, 1978 signed by N. Savignac" after the words "November 30, 1978" in the last line, replacing the word "the" with "a" in the last line, and inserting "titled Geotechnical & Design Development Investigation Report" at the end of the last line.

Condition 32 should be modified by deleting the last line and replacing it with the phrase "forth in letters dated November 23, 1977 and May 5, 1978 signed by Mr. N. Savignac."

Condition 33 should be revised to replace the word "mime" with "mine".

In addition to the conditions discussed above, two additional conditions to UNC Mining and Milling's New Mexico license were imposed by Order of the New Mexico Environmental Improvement Division. These conditions are set forth below.

"The licensee shall immediately comply with the recommendations and requirements for an adequate environmental monitoring program contained in letter dated July 3, 1980, Mr. Thomas E. Baca, NMEID, to Mr. Thomas F. Bailey, United Nuclear Corporation." (Order of July 3, 1980.)

"Deposition and storage of dry, coarse tailings sands in the North Pond area of the Church Rock Uranium Mill Tailings disposal site of the United Nuclear Corporation is authorized in accordance with statements, representations and conditions contained in letters dated June 3, 1981 from Mr. Thomas M. Hill of UNC to Mr. Thomas E. Baca of New Mexico Environmental Improvement Division and June 8, 1981 from Mr. S. E. Reynolds, New Mexico state engineer, to Mr. Thomas M. Hill of UNC, and the report, Raney Geotechnical Job No. 053-001." (Order of June 16, 1981.)

HOLLAND & HART
ATTORNEYS AT LAW

Mr. Pete J. Garcia, Jr.
October 28, 1986
Page 4

UNC Mining and Milling appreciates the opportunity to work with you and your staff to ensure an accurate rendition of the New Mexico radioactive materials license. Kindly address all further communications in regard to reclamation and licensing matters, including telephone calls, to me, with a copy to Juan Velasquez of written correspondence. If you have additional questions or if we may be of further assistance, please do not hesitate to call upon us.

Sincerely yours,



Michael J. Brennan
for Holland & Hart

Attorneys for UNC Mining
& Milling

cc: Mr. Juan Velasquez