



energy fuels nuclear, inc.

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May 15, 1995

Via Fax: (301) 415-5397

Mr. Joseph J. Holonich, Branch Chief
High Level Waste and Uranium Recovery
Project Branch
Division of Waste Management
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
2 White Flint North, Mail Stop T-7J9
11545 Rockville Pike
Rockville, MD 20852

Dear Mr. Holonich:

Pursuant to our conversations over the last few weeks, Energy Fuels Nuclear, Inc. (EFN) has initiated a review of the Reclamation Plan for the White Mesa Uranium Mill, U.S. NRC License No. SUA-1358. The review is being done to assist the NRC in its current review of the amount of the surety bond for the decommissioning and reclamation of the White Mesa Mill ("Reclamation Cost").

To accommodate various timing issues involved, EFN has elected to divide its review into two phases. Phase One consisted of a review by EFN of all of the major cost centers included in the Reclamation Cost and considered the current level of development/disturbance at the Mill. In Phase Two of the review, EFN will review every element of the Reclamation Plan and refine, if necessary, the estimate resulting from our Phase One analysis.

In our Phase One effort, we revised the past estimate of Reclamation Cost to take into account the current status of Cell 4A and the completion of a significant amount of cover on Cells 2 and 3, however, we did not make any significant change to the overall reclamation concept and cover design. We then (i) examined current labor, equipment and material costs to complete the Reclamation Plan and (ii) conducted a detailed review of the original estimates of material quantities and equipment utilization factors.

The Reclamation Cost summary attached shows a total of \$10.7 million, which amount includes (i) the required additions for contractor profit and contingency factors and (ii) the Long Term Care and Maintenance Fund. Additional supporting detail is being sent under separate cover. This Reclamation Cost summary has been reviewed by Umetco Minerals, and I have also attached a letter from them stating their agreement with the estimated cost.

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Mr. Joseph J. Holomich

May 15, 1995

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We will initiate Phase Two of the review immediately. We expect that we can submit the results of Phase Two to you by June 23, 1995. This date should provide your staff with ample time to review the Phase Two report prior to our anticipated Mill startup date, as discussed below.

I have previously discussed with you the progress we have made in reaching agreement with our Swiss Joint Venture Partners to replace our bridge financing arrangement with an overall plan. On April 26, 1995, detailed Term Sheets were signed by all the parties and formal agreements are now being prepared. As you know, while EFN is in bankruptcy, two other Energy Fuels entities did file for reorganization due to their guarantee of certain debts of MEXCO Trading Company, and accordingly, to ensure maximum protection for the Swiss, the Term Sheets have been submitted to the bankruptcy court for approval.

The understanding and basis for the economics of the agreement to fund the partnership activities, including the operation of the White Mesa Mill, is based on startup of the Mill on or about August 1, 1995. Based on our conversation, I am assuming a submittal of our Phase Two review of the reclamation estimate to your office by June 23, 1995, will allow ample time for your required internal review. This final submittal would again be with Umetco Minerals Corporation. If there is any reason for you to believe the NRC review cannot be completed in time for an August 1, 1995 Mill startup, then it is imperative we discuss alternatives necessary to ensure the mill startup will not be delayed.

Sincerely,



Harold R. Roberts
President

HRH:pj
Attn: Roberts

cc: Dennis E. Spaulding
Mr. Rick A. Van Horn
Mr. Richard A. Munson

WHITE MESA MILL Surety Update Summary

Description	Factor	Amount
Mill Decommissioning		1,478,242
Cell 2		1,297,047
Cell 3		1,740,304
Cell 4A		301,387
Cell 1		1,639,416
Miscellaneous		1,905,704
Subtotal Direct Costs		8,362,100
Profit Allowance	10.00%	836,210
Overhead Allowance	13.00%	1,257,913
Licensing & Bonding	2.00%	167,642
Total Surety Requirement		10,645,267

Amounts are in 1995 dollars

05/15/95

Umetco Minerals Corporation



P.O. BOX 1088
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☎ (303) 248-3700

May 13, 1995

Mr. Richard Van Horn
General Manager, Plateau Operations
Energy Fuels Limited
2764 Compass Drive, Suite 101
Grand Junction, CO 81506

Subject: Surety Update for Reclamation of the White Mesa Mill

Dear Mr. Van Horn:

Umetco Minerals Corporation has reviewed your cost estimate (May 15, 1995) for reclamation of the White Mesa Mill and related facilities. This review was conducted because Umetco currently provides the Surety to the U. S. Nuclear Regulatory Commission for reclamation of the White Mesa Mill.

We concur that the costs that you have provided us for reclamation (\$10,645,247) is consistent with performing the required work.

Sincerely,

Curtis O. Sealy, P. E.
General Manager

COS/dos