

STATE OF NEW MEXICO

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CERTIFIED MAIL

June 16, 1980

Mr. Juan R. Velasquez
Senior Environmental Representative
Phillips Uranium Corporation
Box 26236
4501 Indian School Road, N.E.
Albuquerque, New Mexico 87125

Dear Mr. Velasquez:

As you know, the Environmental Improvement Division ("EID") has been reviewing the Environmental Report ("ER") submitted by Phillips Uranium Corporation ("PUC") in support of its amended Application For a Radioactive Material License, dated September 17, 1979. In our review of the ER to date, we have determined it fails to meet the requirements of Section 3-300.H. of the recently effective EIB Radiation Protection Regulations ("Radiation Regs.") which specifies the contents of an Environmental Report. Accordingly, pursuant to provisions of Section 3-312.A. of the Radiation Regs. we hereby inform you that PUC's ER is unacceptable for review by EID due to the deficiencies outlined below.

Section 3-300.H.1. of the Radiation Regs. requires that "an initial application for a uranium mill" be:

accompanied by an environmental report, submitted by the applicant, that specifically addresses the short-term and long-term environmental, radiological, and public health and safety aspects of the applications and alternatives to the proposed action, (emphasis added).

In considering PUC's ER with reference to these requirements we find it, as a whole, to be unacceptable. The fundamental deficiency in the document, is its failure to adequately and specifically address alternative methods and siting for ore processing and tailings disposal.

Section 3-300.H. contemplates that an applicant will specifically analyze, in equivalent detail, a full range of alternatives to the proposed action. As part of such an analysis we expect a consideration of all technically feasible methods. Included in such evaluation should be a thorough examination of tailings backfilling, the use of in-situ technology,

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below-grade disposal of tailings in trenches, and the use of an already existing ore processing facility. In reviewing PUC's ER, we find it does not specifically address a full range of tailing disposal technologies. Significantly, it completely fails to consider below-grade disposal of tailings. In this regard I wish to point out that most recently, on January 30, 1980, William Fleming of EID's Radiation Protection Bureau requested a "below-grade tailings disposal analysis" from PUC. However, to date, we have not received a formal response to our request.

Of equal importance is the requirement that an applicant examine, in equivalent detail, a full range of alternative sites. Moreover, such sites must be truly viable, i.e. legally available and technically feasible. This requirement is specifically discussed at Section 3-300.K. PUC's present ER (Attachment II, pp. 5-8) is deficient in this respect. The ER examines a limited number of alternative sites, none of which are legally available, and fails to demonstrate the technical acceptability of those sites. It appears that PUC's cursory evaluation is designed only to justify PUC's selection of S.12, T.18N., R.12 W., as the primary site. We emphasize that the purpose of an ER is not to justify a pre-determined site but rather to provide a basis for choosing the best available site.

Since PUC has failed to specifically address alternative sites and methods the ER's consideration of "short-term and long-term environmental, radiological, and public health and safety aspects" is deficient. Specifically, we require, under Section 3-300.H., that an applicant thoroughly and objectively analyze each of these factors with reference to all alternative sites and methods considered. The present ER does not contain such an analysis, thus, it is deficient.

In evaluating PUC's ER we also find it fails to analyze "realistic tailings scenario releases and provide systems to contain potential releases to company controlled property" as required by Section 3-300.L. As such an analysis is integral to consideration of "environmental, radiological, and public health and safety aspects" we require it be a part of an acceptable ER. Though PUC has appealed Section 3-300.L. it is nevertheless binding upon applicants until such time as the courts find otherwise.

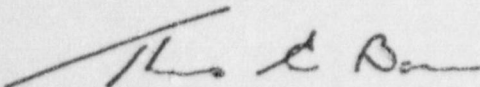
Also, in considering the long-term aspects of tailings disposal you must give full consideration to reclamation and stabilization of tailings. In doing so, it is essential that you provide us with an accurate description of the legal status of all lands which will be directly affected by reclamation and stabilization activities so that we can determine whether your proposed tailings management alternatives are not only technically feasible, but that the appropriate government agency will be able to restrict access to all land needed for long-term management.

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The ER should also be written and organized in a manner which is clear, and well integrated. An overly lengthy, and frequently supplemented ER, with numerous cross-references precludes effective EID review of the items found at Section 3-200.H. Accordingly, any future ER submitted by PUC should be clearly written and organized, and it should not contain confusing cross-references.

I trust that the foregoing will assist you in submitting an ER which will be acceptable for review. If you have any questions, or if EID can be of any assistance, please contact Gerald Stewart or William Fleming of EID's Radiation Protection Bureau.

Yours truly,



THOMAS E. BACA
Director
EID