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Governor

JOHN A. SANCHEZ
Lieutenant Governor

NEW MEXICO
ENVIRONMENT DEPARTMENT

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BUTCH TONGATE
Cabinet Secretary

J.C. BORREGO
Deputy Secretary

February 15, 2018

John Romero
Director, Water Rights Division
Office of the State Engineer
Bataan Memorial Building
PO Box 25102
Santa Fe, NM 87504-5102

Re: Implementation of Well Drilling Prohibition Associated with the Remedial Action at the former Homestake and Bluewater Mill Sites, Cibola County, New Mexico

Dear Mr. Romero:

The United States Nuclear Regulatory Commission ("NRC"), with support from the United States Environmental Protection Agency ("EPA"), the United States Department of Energy ("DOE"), and the New Mexico Environment Department ("NMED"), is providing regulatory oversight for ongoing monitoring, closure and remedial actions (the "Remedial Actions") at the former Bluewater and Homestake Uranium Milling operations (the "Site") near Bluewater and Milan, New Mexico, respectively. Ground water impacted by historical uranium milling and mining activities exceeds the standards set forth in the New Mexico Water Quality Control Commission's regulations at Section 20.6.2.3103.A NMAC for nitrate, selenium, uranium, and combined radium-226 plus radium-228; at Section 20.6.2.3103.B NMAC for chloride, sulfate and total dissolved solids; and at Section 20.6.2.3103.C NMAC for molybdenum. The Site is therefore considered an area of water quality concern.

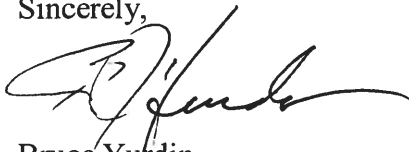
Accordingly, by this letter, NMED requests that the Office of the State Engineer ("OSE") issue an order pursuant to State Engineer regulation 19.27.5.13 NMAC prohibiting the drilling of new, replacement, or supplemental wells within the area of the Site, as delineated in Attachments A and B, in order to protect human health and prevent interference with the Remediation Activities. Attachments A and B depict the estimated extent of the contaminated groundwater within the Alluvial (Attachment A), and the upper, middle and lower Chinle (Attachment B) aquifers. The prohibition should apply to any proposed water wells, both public and private, within the specified areas, excluding the areas within the NRC licensed boundaries for the Homestake Mining Company of California Site and the Bluewater Site, and must remain in place until such time as

water quality in the affected aquifers meets the standards set forth in 20.6.2.3103 NMAC. Following implementation of the prohibition, NMED will assist OSE in reviewing requests or appeals in areas subject to the prohibition, as appropriate.

Please note that the prohibition should exclude permit applications that are submitted by or on behalf of the NRC, DOE, EPA, NMED or Homestake Mining Company of California for the installation of wells associated with remedial action or monitoring.

We look forward to a response at your earliest convenience and thank you in advance for your cooperation and assistance with this matter. If you have any questions or require any additional information, please contact Kurt Vollbrecht, Program Manager, Mining Environmental Compliance Section at (505) 827-0195 or Bill Pearson, Project Manager at (505) 827-0602.

Sincerely,

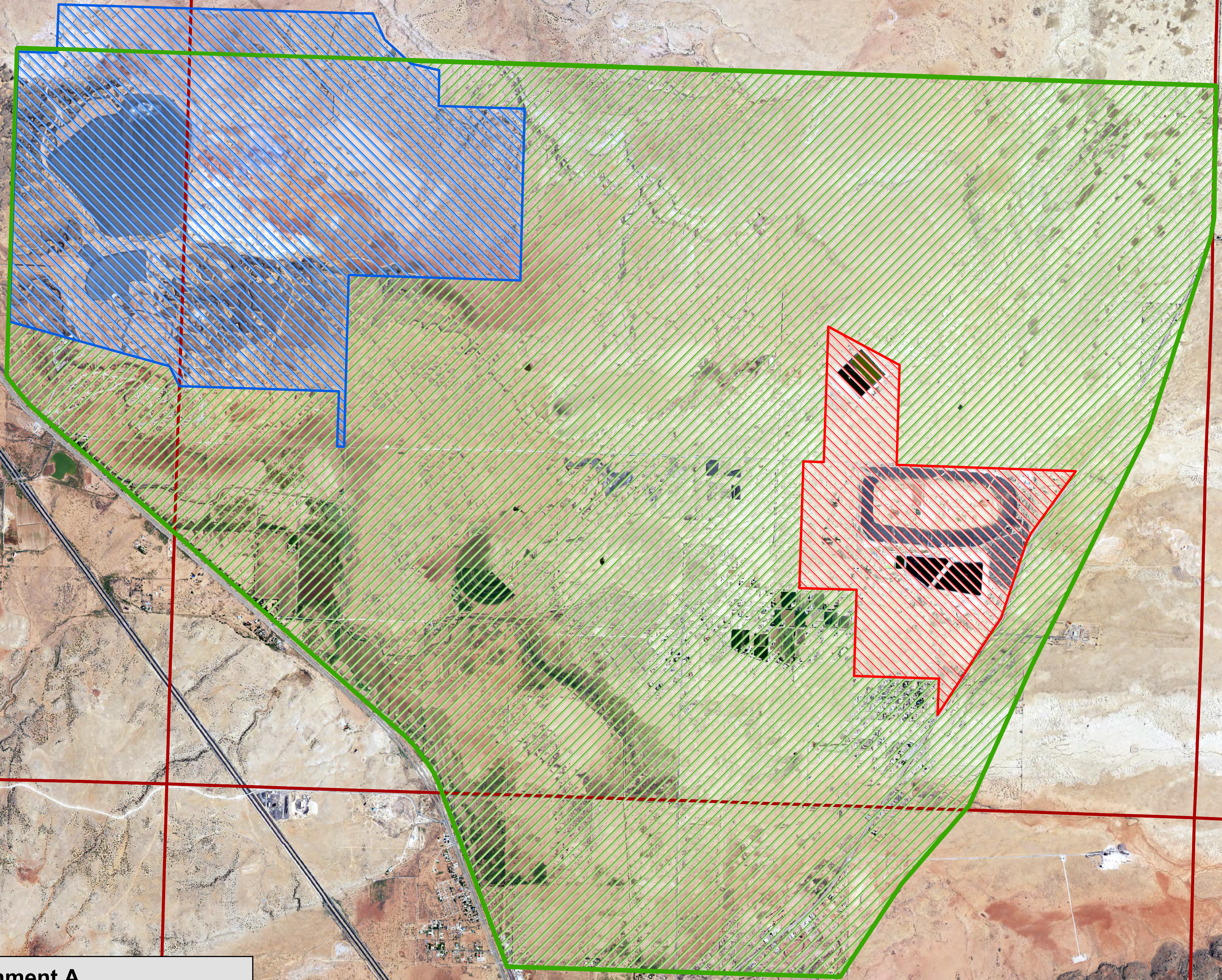


Bruce Yurdin
Director, Water Protection Division

- Attachment A: Alluvial Map with Coordinates - Approximate Bluewater and Homestake Moratorium Boundary
- Attachment B: Chinle Map with Coordinates - Approximate Bluewater and Homestake Moratorium Boundary

E-Mailed Copies:

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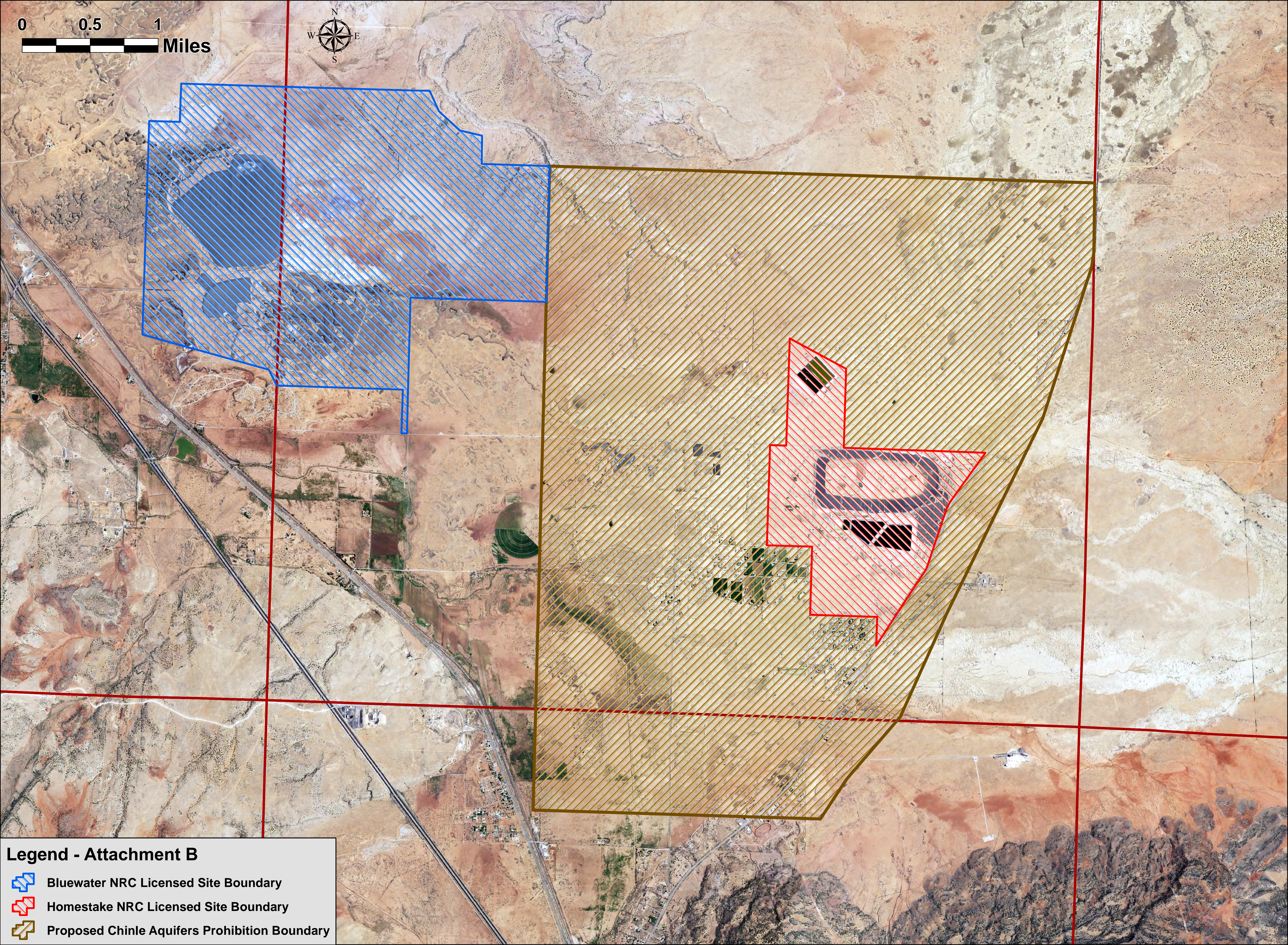
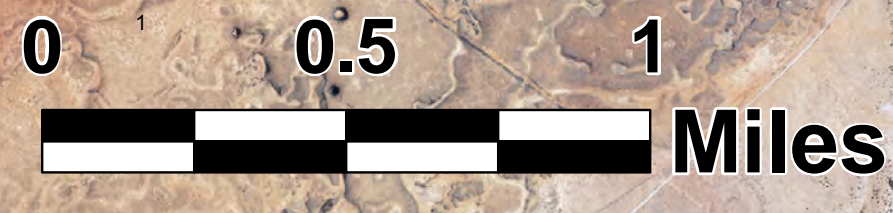
Legend - Attachment A

-  Bluewater NRC Licensed Site Boundary
-  Homestake NRC Licensed Site Boundary
-  Proposed Alluvial Aquifer Prohibition Boundary

Attachment A

Alluvial Boundary Map Coordinates - Former Bluewater and Homestake Uranium Milling Sites

Latitude	Longitude	Description
35°16'47.50"	107°57'30.20"	NW of Bluewater Mill (Section 12, T12N,R11W)
35°15'07.10"	107°57'30.60"	East of Bluewater (Section 24, T12N,R11W)
35°13'14.50"	107°54'57.50"	NW of Milan (Section 32, T12N,R10W)
35°12'14.00"	107°54'23.50"	N of Milan (Section 4, T11N,R10W)
35°12'14.00"	107°52'19.00"	NE of Milan (Section 3, T11N,R10W)
35°16'45.80"	107°50'09.50"	NE of Homestake Mill (Section 12, T12N,R10W)



Legend - Attachment B

-  Bluewater NRC Licensed Site Boundary
-  Homestake NRC Licensed Site Boundary
-  Proposed Chinle Aquifers Prohibition Boundary

Attachment B

Chinle Boundary Map Coordinates – Former Bluewater and Homestake Uranium Milling Sites

Latitude	Longitude	Description
35°16'35.00"	107°54'25.60"	East of Bluewater Mill (Section 16, T12N,R10W)
35°12'28.50"	107°54'24.00"	N of Milan (Section 4, T11N,R10W)
35°12'28.50"	107°52'09.00"	NE of Milan (Section 2, T11N,R10W)
35°16'33.70"	107°50'09.50"	NE of Homestake Mill (Section 12, T12N,R09W)