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January 24, 1997

Mr. Joseph J. Holonich, Branch Chief  
U.S. Nuclear Regulatory Commission  
Uranium Recovery Branch  
Office of Nuclear Materials  
Safety and Safeguards  
Mail Stop T7J9  
Washington, DC 20555-0001

Re: Docket No. 40-8680, License No. SUA-1358  
White Mesa Mill

Dear Mr. Holonich:

Enclosed is the 1996 Annual Tailings Inspection Report for White Mesa Mill. In reviewing our Standard Operating Procedures ("SOP") for preparation and submittal, we have identified a misunderstanding among mill staff regarding the dates for preparation and submittal of this report. The purpose of this letter is to (1) notify the Nuclear Regulatory Commission ("NRC") that we have identified the cause of this inadvertent noncompliance with our procedure; (2) detail our immediate corrective action; (3) describe the corrective action to prevent recurrence; and (4) give the date of full compliance with our procedure.

1. Cause of the Noncompliance

The White Mesa Mill environmental staff are managed by the Radiation Safety Officer ("RSO"), and staff carry out procedures under the RSO's guidance. The staff, acting on guidance from the previous RSO, had routinely ensured that the tailings management system annual inspection was completed by a professional engineer by September 1 of each year. The staff submitted the report to the NRC within 30 days of receipt. Based on a review of the SOP by the current RSO and mill management, we believe that the report is actually to be submitted to the NRC by September 1. This issue was identified and discussed during a meeting of the current RSO, safety staff, mill management, and the EFN Environmental Manager on Thursday, January 16, 1997. The inspection had been completed by the engineer on August 31, 1996, and the report was sent to EFN on December 30, 1996. As discussed below, mill management has directed that all actions requiring preparation and submittal of a report be completed as far in advance as possible of the due date, to prevent problems of this type.

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2. Immediate Corrective Action

On January 16, 1997, the mill safety staff and management set forth plans to submit the 1996 report as soon as possible. The group also agreed to review all existing procedures to ensure that EFN staff have correct understandings regarding all aspects of license compliance issues, including due dates for submittals.

3. Corrective Action to Prevent Recurrence

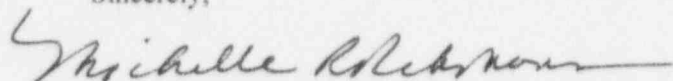
The NRC is in the process of issuing a license renewal to EFN for the White Mesa Mill. Based on our discussions with the NRC, we understand that the license will contain performance-based license conditions, which EFN may implement upon approval by the NRC of an SOP for a Safety and Environmental Review Panel ("SERP"). EFN is preparing this SOP, but, concurrently, has determined that at this time of license renewal, it is timely to also thoroughly review, update, and revise the entire set of SOPs. As this activity proceeds, EFN will update the list of required submittals and associated dates, and will prepare a schedule to ensure that requisite data are gathered in sufficient time to allow adequate time for review and completion of reports. Mill and corporate environmental management will review the schedule. This corrective action will not only serve to ensure that this particular noncompliance does not repeat; it will, on a more comprehensive level, act to prevent the occurrence of any similar noncompliance.

4. Date of Full Compliance

The requirement for submittal of the annual tailings inspection report is now satisfied. The method described in (3.) above will be followed to maintain full compliance in the future.

EFN has hereby identified this noncompliance as soon as we recognized it as such. We have followed the steps described above to promptly and comprehensively correct the noncompliance. EFN continuously strives to maintain the high standard of compliance which the NRC expects. Should the NRC require any additional information, I can be reached at (303) 899-5647.

Sincerely,



Michelle R. Rehmann  
Environmental Manager

MRR/pl

cc: William N. Deal  
File

Linda Howell, United States Nuclear Regulatory Commission - Region IV  
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