

ENUSA BEGINS THE DECOMMISSIONING AND RECOVERY PLAN OF ITS MINING FACILITIES IN SALAMANCA

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The Plan includes dismantling of the uranium treatment plants and an ambitious project for recovering the terrain affected by the mining operations.

Last December 31, 2000 was the deadline for terminating the extractive and industrial operations in the Saelices El Chico facilities of ENUSA Industrias Avanzadas, S.A., located in Ciudad Rodrigo in the province of Salamanca. An ambitious environmental project, which will last an estimated eight years, will now be executed to restore a large space measuring approximately 300 hectares to its natural state.

As a result, the uranium mines and treatment plants located in these facilities will cease operations after 26 years of business, during which time ENUSA produced 5,670 tons of uranium for the Spanish nuclear power plants. This production figure has, over the years, accounted for approximately 20% of the concentrate needs of Spanish nuclear reactors, in accordance with the supply contract between the owner utilities of these plants and ENUSA.

During the last two years, ENUSA has designed the Plan for discontinuing operations in the Saelices Mine, which addresses both the workforce and matters concerning administrative proceedings and submission of the decommissioning projects to the competent authority and the Consejo de Seguridad Nuclear. The employment situation

has now been resolved by an agreement reached with the workers' legal representatives, in which the downsizing plan is approved.

As regards licensing of the decommissioning projects, the decommissioning permit for the Elephant Plant has already been approved by the General Directorship for Energy Policy and Mines. Likewise, on November 30, 2000, the Recovery and Closure Project for mines FE and D ENUSA due to suspension of operations was submitted for review and approval to the Territorial Service of Industry, Commerce and Tourism of the Junta de Castilla y León in Salamanca.

On December 15, 1999, ENUSA and ENRESA signed an agreement defining both the technical and financial responsibilities of each party in relation to the decommissioning activities. This agreement was approved by the General Directorship for Energy Policy and Mines on July 21, 2000.

AFFECTED FACILITIES

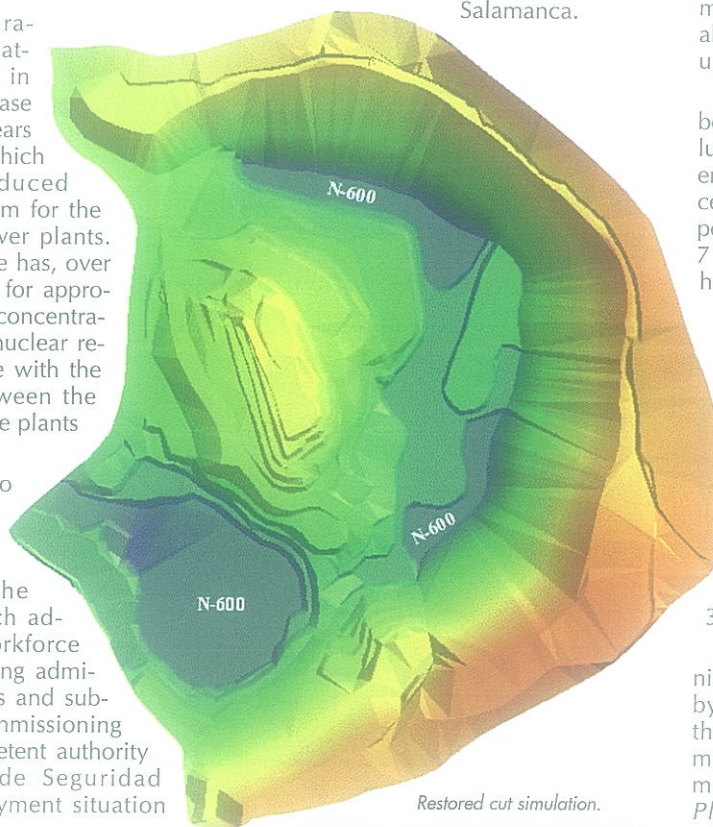
The mineral for producing uranium concentrates has been extracted from the mines named FE and D, both located inside the mining-minerallurgic complex of Saelices el Chico. Both operations are opencast workings formed by six meter high layers, which allowed for adequate selectivity of the uranium mineral contained in the rock.

During the 26 years the Mines have been in operation, an approximate volume of 80 million tons of slag has been extracted, composed of a high percentage of sterile material and a small portion of uranium mineral in a ratio of 7 to 1. Total concentrate production has been 5,670 tons.

The main feature of these deposits has been the erraticism of their mineralization, which makes it difficult to select the mineral and results in low average content (purity) (0.650% U_3O_8).

In the last few years, ENUSA has extracted a yearly average of 600,000 tons of uranium mineral and 3,400,000 tons of sterile material, with an annual production of 300 tons of U_3O_8 .

Once the minerals were mined, uranium concentrates were manufactured by a minerallurgic process based on the acid lixiviation technique. Until mid-1993, this operation was performed in the so-called "ELEPHANT Plant", which started operating in



Restored cut simulation.



Current situation.

1975. This treatment plant was replaced in July 1993 with a new factory, the, "QUERCUS Plant", with a rated annual production of 950 metric tons of uranium oxide (U_3O_8), compared to the rated production of 200 tons a year in the "ELEPHANT Plant".

ECONOMIC AND STRATEGIC REASONS

The continuous drop in uranium concentrate prices on the international market (from 12,000 pta./kg. for U_3O_8 in 1986 to 3,000 pta./kg. in 2000) has made it impossible to profitably exploit deposits of the quality and complexity of those described above, and thus it became advisable to discontinue the uranium mining operations in Salamanca and try to supply the needs of the Spanish nuclear park on less expensive foreign markets.

Terminating operations in the Ciudad Rodrigo exploitations will not affect ENUSA's uranium supply capability. The company has a guaranteed supply of uranium concentrates at profitable rates through its customary foreign vendors. This supply capability will allow ENUSA to meet the national demand for enriched uranium for the Spanish nuclear park, which amounts to some 1,500 tons a year, of which approximately 20% came from the facilities now being closed.

THE DECOMMISSIONING AND RECOVERY PLAN

The jobs that ENUSA will be undertaking in the Ciudad Rodrigo center after discontinuing operations are intended to fulfill three major objectives, which have to do with safety, environ-

mental protection and restoration of the natural environment:

- As regards safety, the aim is to secure the long-term stability of the shafts and slag heaps of the Mine structures, thus guaranteeing physical safety for people.

- As for the environment, the goal is to minimize both the radiological and the chemical and physical impact so that, once the decommission-

ing stage is completed, the values (radiological) will be similar to those existing before operations began.

- Finally, the Plan is designed to integrate the affected terrain as much as possible into the landscape, integrating the different structures into the zone's natural surroundings.

To achieve these goals, the Recovery and Decommissioning Plan of the Mining Center includes the following projects:

- Decommissioning of the Elephant Plant.
- Decommissioning and recovery of the mining zones and water treatment.

- Dismantling of the Quercus Plant, its sterile dike and its lixiviation bed.

All the jobs contained in this Plan, with its three different projects, will be executed between the beginning of this year and the end of 2008. The preliminary work required to prepare everything for decommissioning is currently being performed; the decommissioning permit for the Elephant Plant has, as mentioned above, already been approved, and the rest of the administrative licenses are still pending approval.

The decommissioning and recovery program will be executed by ENUSA in accordance with current legislation, and ENUSA will provide the necessary human, material and economic resources. By virtue of the contract signed between ENUSA and ENRESA, the latter will pay the expenses resulting from recovery and decommissioning of all systems and structures built before 1984, the date ENRESA was created, and it will provide technical and economic supervision for the above activities, both in the licensing phase and in the job execution phase. The whole process will in turn be subject to the regulatory control of the Consejo de Seguridad Nuclear (CSN).

The total amount of the three projects included in the Decommissioning Plan is estimated to be some 5,700 million pesetas.

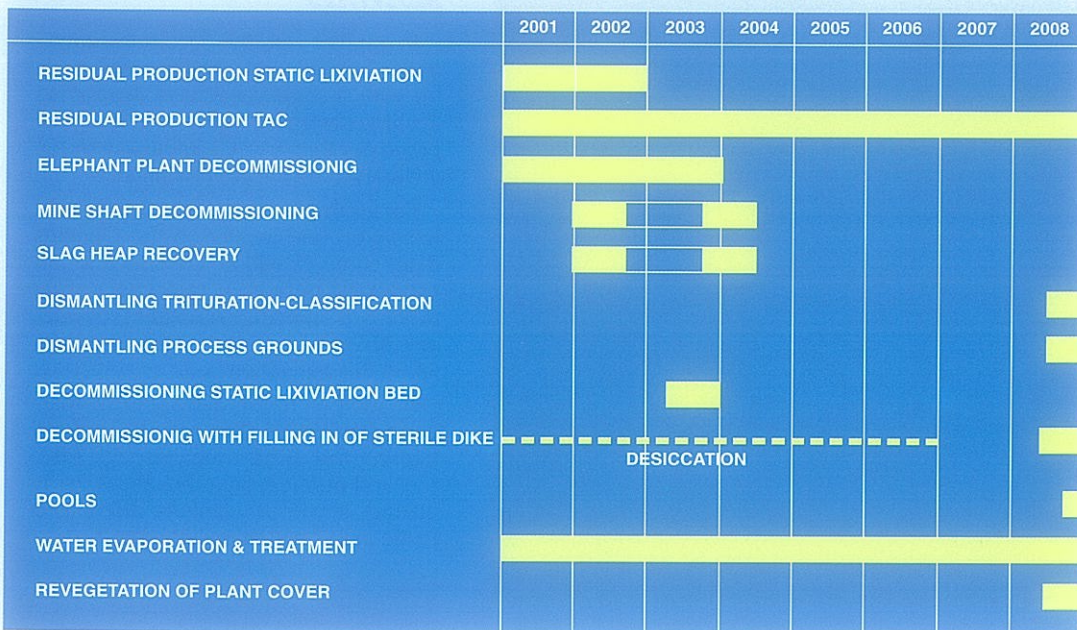
There are currently 61 people available to perform the jobs described above, all of them workers at the Saelices el Chico Mining Center. This staff will be reduced to approximately half its



Current situation.

Graphic 1.

SAELICES CENTER - CIUDAD RODRIGO CHRONOGRAM OF DECOMMISSIONING ACTIVITIES



present size once the ground movement phase is completed.

DISMANTLING OF THE TREATMENT PLANTS

The pertinent license for the Elephant Plant decommissioning project has already been approved, and thus this project will be the first to be executed. The Elephant Plant facilities are composed of some exhausted mineral beds and industrial structures, with their corresponding buildings and equipment.

The decommissioning project for this

Plant includes both dismantling and decommissioning of the industrial facilities, as well as spreading the lixiviation beds and creating a multi-layered cover over this structure. The Plant's equipment and civil work will be dismantled, scrapped, demolished and moved to a zone where they will be placed and over which the lixiviation beds will be spread for definitive burial.

The project for dismantling and decommissioning the Quercus Plant is still not completed. The programmed tasks will include an initial decontami-

nation process of part of the structures and equipment before the facilities are disassembled. The possibility of finding a buyer for the whole Plant or a part of its facilities has still not been dismissed. If a buyer is not found by the end of its operating lifetime in late 2008, it will be dismantled, classified and moved to the sterile dike.

RECOVERY OF SHAFTS AND SLAG HEAPS

The project for restoring shafts and slag heaps and for treating mine water was submitted to the Administration in late

November, and it is expected that it will be approved sometime during the current year.

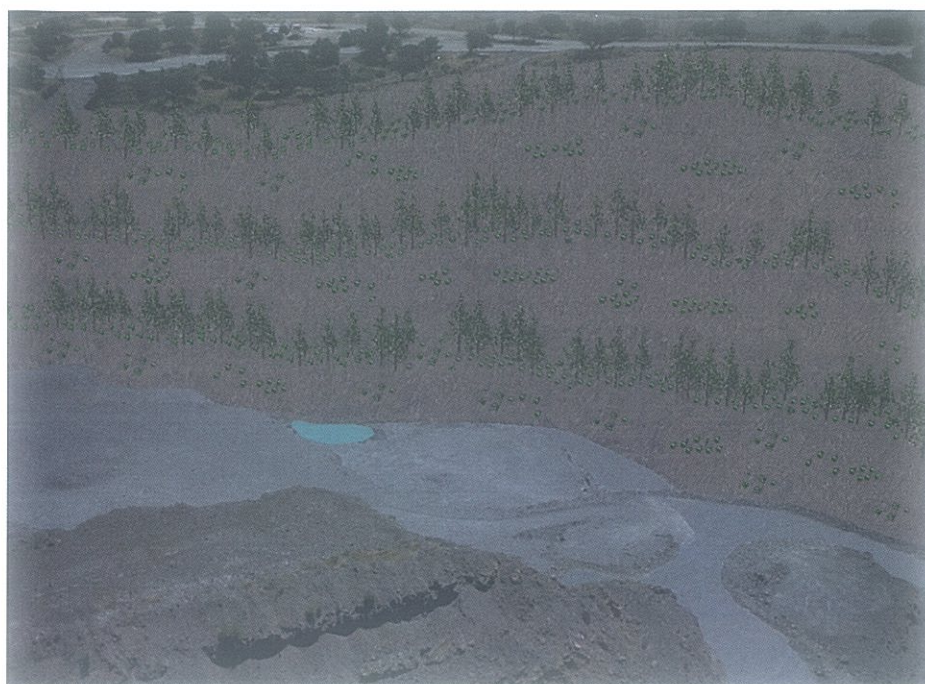
This Project will involve, among other aspects, an entire series of actions on the ground, including ground movement equivalent to an approximate volume of 6.4 million tons and planting of approximately half a million trees.

In short, the tasks to be performed as part of the projected plan can be summarized as follows:

- Filling in all mine shafts located below the level of the Agueda river, and smoothing out the interior and exterior slopes of both the shafts and slag heaps.
- Waterproofing the top surface and slopes of the slag heaps by spreading and compacting a layer of 'arcosa' over them, followed by another layer of topsoil. This process will provide the base for reforestation and will help integrate the decommissioned zones into the landscape.
- Enclosing all mine shafts.
- Integrating decommissioned structures through revegetation and reforestation with shrub-like species in the zones where beds are located, and with pine and holm oak in the rest of the treated areas, in order to decrease the negative visual impact of the mine shafts and slag heaps.
- Building a suitable hydraulic infrastructure (canalization) for diverting a maximum of clean water to the river.



Simulation at end of cut.



Simulation at end of cut.

Table 2

26 YEARS OF HISTORY

1972	Creation of ENUSA
1973	The State transfers to ENUSA exploitation of the uranium deposits located in the municipal district of Saelices el Chico (province of Salamanca).
1975	Commencement of operation in the Saelices el Chico mining center with the so-called Elephant Plant, used to produce uranium concentrates.
1979	ENUSA receives the order to build and maintain a basic, strategic stock of uranium.
1986	The Salamanca Mining Exploitation Project (PEMS) is completed, which provides for construction of a new uranium concentrate plant in the mining complex of Saelices el Chico.
1990	Construction of the Quercus Plant is approved.
1993	Startup of the Quercus uranium concentrate plant and discontinuation of operations in the Elephant Plant.
1998	The SEPI approves the Plan for discontinuing operations in the Saelices el Chico Mining Center, scheduled for the end of 2000.
1999	The Company and the Center's workers sign the agreement concerning the Employment Plan for downsizing and terminating contracts that is included in the Decommissioning Plan.
2000	On December 31, productive activities in the Mining Center are discontinued.
2001	The recovery and decommissioning work is begun in the Center.

RESIDUAL PRODUCTION ACTIVITIES

In parallel with the decommissioning and recovery work, ENUSA will carry on with a small amount of productive activity stemming from some marginal processes that are still underway in the facilities to be decommissioned.

For example, treatment of the static lixiviation bed located in the Quercus Plant complex will be continued for an estimated period of two years. This process is intended to extract, by means of washing, all residual uranium left in this lixiviation bed.

In addition to this activity is the marginal production that will derive from treating the mine water through filtering and purification. Once the water is filtered, it will be carefully discharged to the area's natural waterways.



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