State of Utah
DEPARTMENT OF NATURAL RESOURCES

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June 22, 2007

Fred Craft
U. S. Energy Corporation
877 North 800 West
Riverton, Wyoming 82501

Subject: Leach Field Cleanup, U. S. Energy Corporation, Tony M Mine, M0170001, Garfield County, Utah

Dear Mr. Craft:

On May 31, 2007, Paul Baker and I conducted an inspection of portions of the Tony M Mine, and a copy of the inspection report is enclosed with this letter. In October 2006, the area received substantial amounts of rain which caused flooding in Shootamaring Canyon exposing portions of the leach field PVC pipes, concrete, culverts, and other items that were buried in this area.

These items are part of the mine disturbance and need to be removed and disposed of in an appropriate landfill.

Most or all of the affected area is within the area proposed for disturbance by Denison Mines in its plan for the Tony M Mine. You may be able to negotiate with Denison to have them do this cleanup work as they begin construction of their facilities.

By July 16, 2007, please let us know what action you will take, including a timeframe for accomplishing this task. Thank you for your cooperation. If you have questions or need further information about this letter, please call me at 801-538-5258 or Paul Baker at 801-538-5261.

Sincerely,

Susan M. White

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:pb
Enclosure: Inspection report with photos
cc: Buzz Rakow, Hanksville BLM
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