JON M. HUNTSMAN JR.
Governor
MICHAEL R. STYLER
Executive Director
JOHN R. BAZA
Division Director

# State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

01/09/2006

U S ENERGY CORP
877 N 800 W
RIVERTON WY 82501

Re: Request for Annual Report for the Year 2005.

Dear Operators:

This letter is to remind you that annual reports are required by Rules R647-3-116 and R647-4-121 of the Division's Minerals Reclamation Program. The report forms (MR-AR) can be found on the Divisions web page www.ogm.utah.gov/minerals/mineralforms.htm. If you would like a form sent to you, please contact the division of Oil, Gas and Mining at 801-538-5291.

The reports for the referenced Mine(s) need to be completed and returned to this office by January 31, 2006.

| Mine Status | Mine Number | Mine Name | Contact Person |
|---|---|---|---|
| RECLAIME | M170001 | TONY M/LUCKY STRIKE | FRED CRAFT |
| INACTIVE | M370040 | VELVET | FRED CRAFT |
| RECLAIME | S170017 | FRANK M MINE | FRED CRAFT |

**Reports are required regardless of annual mine activity, unless you have received a written waiver or formal release from reclamation obligations from the Division.**

Thank you for your cooperation and prompt attention to this matter.

Sincerely,

Susan M. White

Susan M. White
Mine Program Coordinator
Minerals Reclamation Program