FORM MR-AR
(Revised 1/2007)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

LARGE MINING OPERATIONS 2006 PROGRESS REPORT
January 1, 2006 to December 31, 2006

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program.

1. Mine Permit Number: S170017
2. Mine Name: Frank M
3. Name of Operator/Permittee: U.S. Energy Corp

   Note: If Operator's address, company representative or phone number have changed, please provide a replacement page to the Notice of Intention.

4. Mine Location: Sec 3 T 35S R 11E, Garfield County, UT

5. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material:

   Gross Ore Mined 0 Tons, or _____ yd^3
   Waste Material Moved 0 Tons, or _____ yd^3
   New Disturbance 0 Acres during 2006
   Area Reclaimed 0 Acres during 2006
   Total Disturbed Area 1 Acres*
   Was the ore shipped off site? If not, where is the ore located? N/A

   Where is the waste located? N/A

   *Total life of mine disturbance to the end of 2006.

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested. (Submit form MR-SITE for an application for full or partial bond/site release).
   Inspect as needed during vegetation growth

7. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

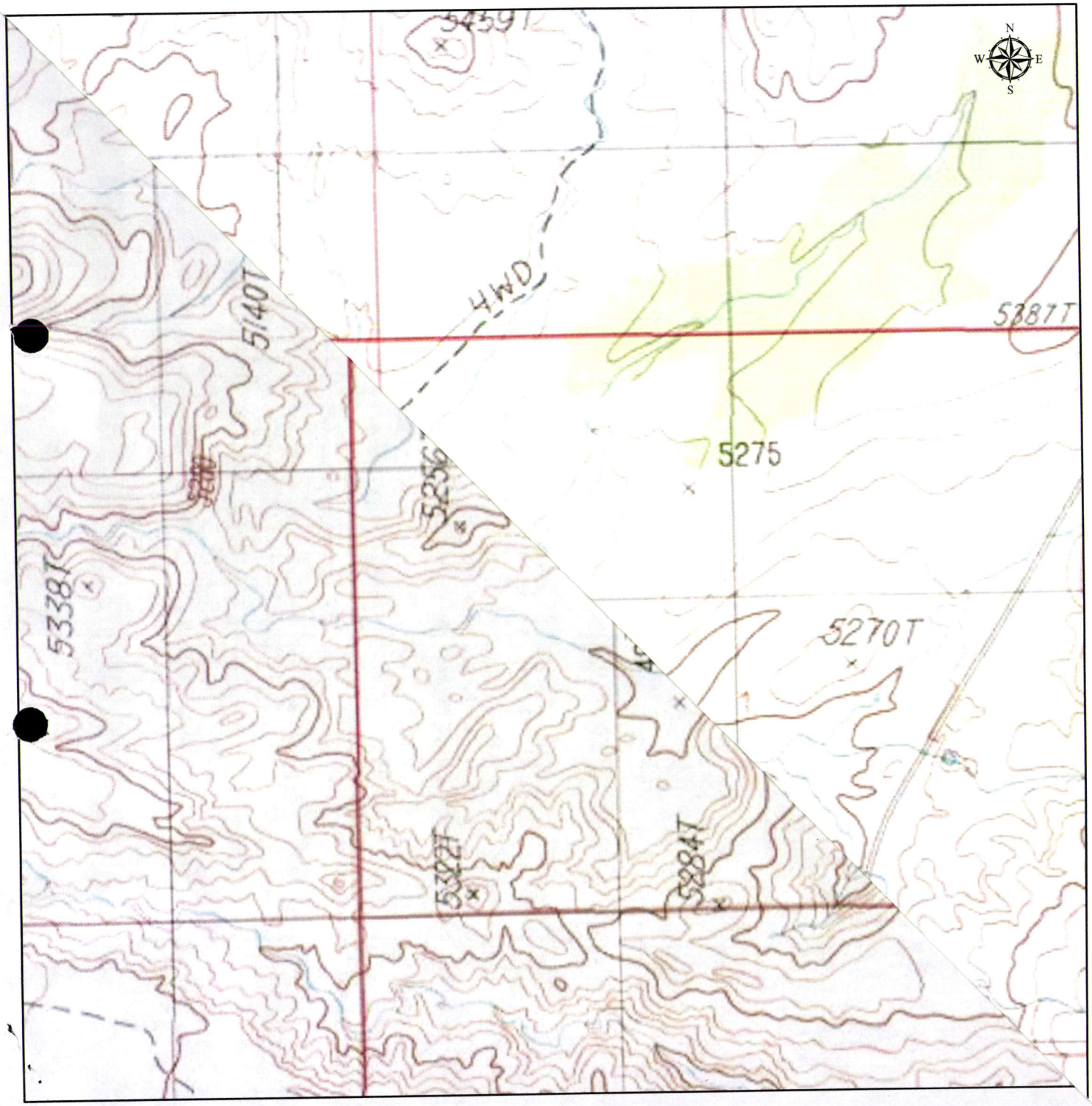
I hereby certify, under penalties of law, the information provided in this report is true and correct to the best of my knowledge and belief.

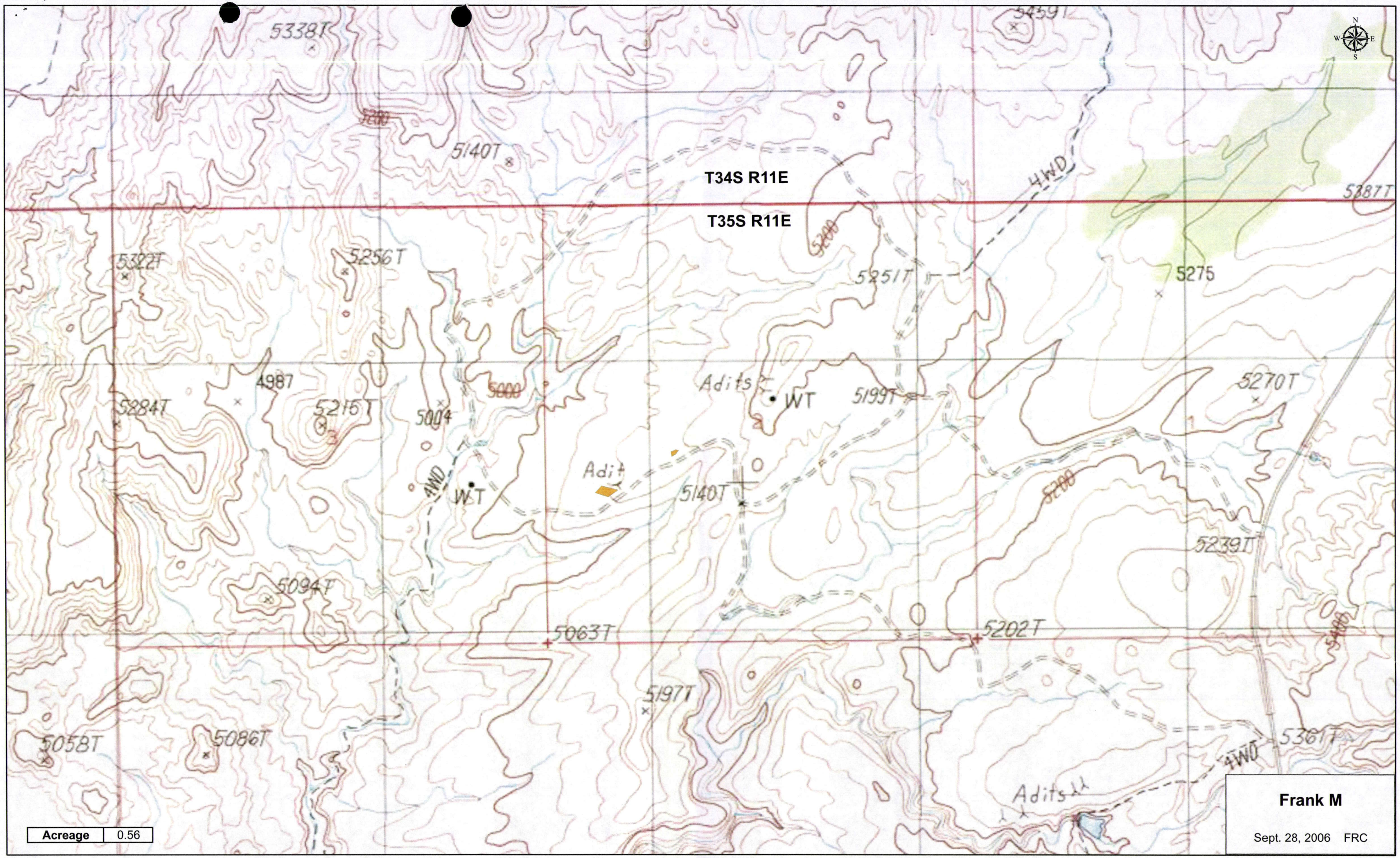
Name (Typed or Print): Fred Croft
Title of Operator: V.P. Engr
Signature of Operator: [signature]
Date: 1/30/07

pb
o:\forms\reports\MR-AR

Reviewed 2/26/07 [signature]

RECEIVED
FEB 01 2007
DIV. OF OIL, GAS & MINING


N
W
E
S
5459T
4WD
5140T
5387T
5275
5256
5338T
5270T
5327T
5284T


5338T
5459T
5140T
T34S R11E
T35S R11E
4WD
5387T
5322T
5256T
5251T
5275
5284T
4987
5215T
5004
5000
Adits
WT
5199T
5270T
Adit
5140T
5200
5239T
5094T
5063T
5202T
5400
5197T
5058T
5086T
5361T
Adits
Acreage
0.56
Frank M
Sept. 28, 2006 FRC
0
500
1,000
2,000
3,000
4,000
5,000
Feet