State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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March 24, 1994

Mr. R. A. VanHorn
Director of Operations
Umetco Minerals Corporation
2754 Compass Drive, Suite 280
Grand Junction, Colorado 81506

Re: Replacement Reclamation Sureties, Umetco Minerals Corporation (Umetco), Rim-Columbus Mine M/037/006, Pandora Mine M/037/012, *Calliham Mine M/037/023*, and Velvet Mine M/037/040, San Juan County, Utah

Dear Mr. VanHorn:

On March 23, 1994, the Board of Oil, Gas and Mining approved of the replacement sureties for the following Umetco operations: Rim-Columbus Mine M/037/006, Pandora Mine M/037/012, and Velvet Mine M/037/040. The replacement surety for the Calliham Mine was not approved at this time due to: (1) discrepancies in the disturbed acreage figures listed in the Reclamation Contract and Surety Bond, and (2) the unresolved issue of adjusting the reclamation cost estimate to account for the recent borehole and compressor complex amendments to the mining plan.

Enclosed for your files are copies of the signed Reclamation Contracts and Surety Bonds for the Rim-Columbus, Pandora, and Velvet mines. The Division wishes to resolve the issues surrounding the Calliham surety as soon as possible. A letter dealing only with the Calliham Mine is being sent under separate cover. Please see that letter for details regarding the issues to be resolved.

Mr. Holland Shepherd was the Division staff member previously handling the Umetco replacement sureties. Mr. Shepherd has since left the Division for a position in the New Mexico mining regulatory program. His absence has left a gap at the Division regarding personal knowledge of the Umetco sites and caused a delay in following through

on the Umetco surety replacements. For the time being, you may contact me or Wayne Hedberg for Division information regarding the Umetco sureties. Thank you for your time and effort in posting these replacement sureties.

Sincerely,

Anthony A. Gallegos (Tony)
Reclamation Engineer

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Enclosures
cc: Kate Kitchell, BLM, San Juan RA
UMETCO-2.brd