Umetco Minerals Corporation

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DIV. OF OIL, GAS & MINING

October 7, 1999

M/037/023
M/037/025
M/037/027

D. Wayne Hedberg
Permit Supervisor, Minerals Regulatory Program
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: **Permit Status, Umetco Minerals Corporation (Umetco),**
Calliham Mine M/037/023,
Deremo-Peterson Mine M/037/025,
Wilson-Silverbell Mine M/037/027, San Juan County, Utah

Dear Mr. Hedberg:

As mentioned in your letter of June 29, 1999, Umetco may be required to send a formal request to the Division of Oil, Gas and Mining requesting an extension of the suspension period for the following mines.

Mine	Permit Number	End of 10-year Suspension on Required Reclamation
Calliham	M/037/023	December 2001
Deremo-Peterson	M/037/025	November 2000
Wilson-Silverbell	M/037/027	April 2000

The R647-4-117.4 of the State of Utah Department of Natural Resources, Division of Oil, Gas, and Mining (Division) Rules (revised January 1, 1992) state: "The Division will require complete reclamation of the mine site when the suspension period exceeds 10 years, unless the operator appeals to the Board prior to the expiration of said 10 year period for a longer suspension period." Umetco is no longer mining the sites, and reclamation at the sites is in progress with planned completion dates. Therefore, Umetco believes an appearance before the board may not be required.

The mines were kept on standby status for several years after they were placed in suspension, anticipating that higher prices for vanadium and uranium in the future would allow reopening of the mines.

In late 1995, Umetco decided that mine openings throughout the Colorado Plateau should have the highest reclamation priority. During 1996, 1997, and 1998 Umetco focused on closing the hazardous mine openings. Over 600 openings were closed, including some at the above-referenced mines. In 1998, Umetco received a reclamation award from the Colorado Mine Land Reclamation Division for mine hazard closures on permitted and pre-law sites.

In the fall of 1998, with the mine openings closure program complete, Umetco focused on total reclamation of our many permitted mine sites.

Following is a list of reclamation activity accomplished to date at the referenced mines:

Calliham - In 1996, most of the mine structures were removed and the ventilation raises and portal were secured. In 1998, the portal was closed.

Deremo-Peterson - In 1996, four ventilation raises were closed and access roads were reclaimed except for seeding. In 1997, the Peterson waste pile and low-grade pile were recontoured. In 1998, the disturbed areas were covered with available earthen material.

Wilson-Silverbell - In 1996, seven ventilation raises and associated access roads were reclaimed. Both Wilson and Silverbell shafts were capped with metal plates.

Since suspension, the mine surface areas have been routinely inspected and maintained as necessary.

The present reclamation schedule is as follows:

Calliham	• Complete demolition, shaft closure, road closure, regrading of evaporation ponds and mine spoils piles, topsoiling, and seeding in the Fall of 2000.
Deremo-Peterson	• Complete topsoiling and seeding in the Fall of 1999. A water well was constructed from a vent hole that was backfilled and sealed with concrete at approximately 70 ft. depth is to be either abandoned under state regulations or transferred to the property owner by the Fall of 2000.
Wilson-Silverbell	• Complete demolition, road closure, regrading of evaporation ponds and mine spoils piles, topsoiling, and seeding in the Fall of 2000.

Umetco anticipates several years may be required to reestablish adequate vegetation at the sites following reclamation construction.

Please let us know if we are able to continue our reclamation obligations under the existing status of the permits, or if any other options are available to us besides sending a formal request for extension before the Board of the Division.

If you have any questions or need more information, please call me at (970) 256-8881.

Sincerely,

Tony Bates
Mines Reclamation Manager

ASB:ses

cc: Tony Gallegos, Utah DOGM