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DIVISION OF OIL, GAS AND MINING

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M/037/025
(bond file)
please

September 14, 1995

TO: Wayne Hedberg, Minerals Permit Supervisor

FROM: Steve Schneider, O&G Audit Manager Steve

RE: Review of Union Carbide Financial Statements

Per Mr. Gallegos' request, I have reviewed the Union Carbide financial statements (Form 10-Q) for the past two years, and offer the following comments for your information:

1. The current ratio meets the self bonding criteria in all periods and has further improved in June 1995.

2. The total liability to net worth ratio meets the self bonding criteria in all periods.

3. Tangible net worth far exceeds the self bonding criteria in each of the past four periods.

4. The self bonding criteria requires $20 million of fixed assets <u>in the United States</u>. The fixed assets reflected on Union Carbide's consolidated financial statement include foreign assets; however, Union Carbide's consolidated fixed assets exceed the requirement by 131 times. As a result, I've concluded Union Carbide meets our criteria for fixed assets.

Please let me know if you have any questions on the above comments or the attached financial ratios.

Attachment
cc: R. J. Firth

Union Carbide

Financial Ratios

	12/93	6/94	12/94	6/95
CUR ASSETS/CUR LIAB (Min of 1.2)	1.2	1.3	1.3	1.6
TOTAL LIAB/NET WORTH (Max of 2.5)	2.3	2.3	2.3	2.4

Financial Statement Data
(Millions of Dollars)

	12/93	6/94	12/94	6/95
CURRENT ASSETS	1,429	1,494	1,614	1,981
CURRENT LIABILITIES	1,196	1,186	1,285	1,273
TOTAL LIABILITIES	3,261	3,365	3,519	4,039
TANGIBLE NET WORTH (Min of 10 Million)	1,428	1,449	1,509	1,678
FIXED ASSETS (Min of 20 Million)	2,420	2,434	2,542	2,625

SLS
9/14/95