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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 2, 1997

Rick VanHorn
Energy Fuels Nuclear, Inc.
2764 Compass Drive, Suite 239
Grand Junction, Colorado 81506

Re: Updated Surety Amounts for Mine Permit Transfers, Energy Fuels Nuclear, Inc., La Sal - Snowball Mine M/037/026, and Rim-Columbus Mine M/037/006, San Juan County, Utah

Dear Mr. VanHorn:

Attached are calculation sheets updating the reclamation surety amounts for the LaSal-Snowball Mine and the Rim-Columbus Mine. These new surety amounts will need to be posted before the Division can formalize the transfer of these sites from Umetco Minerals Corp. to Energy Fuels Nuclear, Inc. The surety amounts required by the Division are $165,900 for the LaSal-Snowball Mine and $44,100 for the Rim-Columbus Mine. Both amounts have been escalated five years into the future to the year 2002 dollars. Both surety documents will need to jointly list the State of Utah, Division of Oil, Gas and Mining, and the U.S.D.I. Bureau of Land Management, because of the involvement of federal lands. Please contact me if you do not have our joint surety forms.

As we recently discussed over the phone, in order for the Division to prepare Board packages for the January 22, 1997, Board Hearing our office would need correct draft copies of the Reclamation Contracts and Reclamation Sureties by January 3, 1997. The original signed copies of these documents and the Transfer Forms would need to be received by the Division prior to the Board Hearing date. The next Board Hearing is on February 26, 1997, with the corresponding deadline for Division receipt of Board package information of February 7, 1997.

Please contact me or Wayne Hedberg if you have any questions regarding the Division's forms or the permit transfer process.

Sincerely,

Anthony A. Gallegos
Senior Reclamation Specialist

jb
Attachments: two surety updates of 01/02/97
cc: Frank Barnett, Umetco Minerals Corporation
Ted McDougall, BLM (Rim-Columbus)
Sal Venticinque, BLM (La Sal-Snowball)
efn-tran.let

SURETY ESTIMATE UPDATE

Energy Fuels Nuclear, Inc.

LaSal - Snowball Mines M/037/026 San Juan County file m37-26up.wb2

Prepared by Utah Division of Oil, Gas & Mining last revision 01/02/97

DESCRIPTION:

-This update is for a transfer from Umetco Minerals Corp. to Energy Fuels Nuclear, Inc.
-1989 base amount taken from the July 5, 1989 estimate prepared by the Division
-Site was put on standby in 1990; no major changes have been made at the mine to date
-Permit was transferred in 1985 from Union Carbide Corp. to Umetco Minerals Corp.
-Permit area was 51 acres; current actual disturbance is approximately 42 acres
-Current reclamation surety posted by Umetco is a Board Contract for $136,000 (1994-$)
-Land ownership is a mix of State, BLM, USFS & patented lands
-Escalation factors through 1995 are actual Means Historical Cost Indices
-Total disturbed area in the 1989 Division estimate = 51 ACRES

CALCULATIONS

	YR	ESCAL FACTOR	BOND AMOUNT
	1988	0.0181	$0
BASE AMOUNT & YEAR	**1989**	0.0177	**$123,310**
	1990	0.0077	$124,259
F = P(1 + i)**n	1991	0.0127	$125,838
F = Future Sum	1992	0.0221	$128,619
P = Present Sum	1993	0.0261	$131,976
i = Escalation Factor	1994	0.0321	$136,212
n = number of periods	1995	0.0193	$138,841
	1996	0.0258	$142,423
	1997	0.0258	$146,097
Three Yr Average = 2.58%	1998	0.0258	$149,867
Used to Project 5 Yrs	1999	0.0258	$153,733
Into the Future	2000	0.0258	$157,700
From the Year 1997	2001	0.0258	$161,768
	2002	0.0258	$165,942

Updated Surety Amount Rounded (2002 $) **$165,900**

** Average cost per acre = 3,253 ($/ACRE)

NOTE: Previous Division estimate was $136,000 (1994-$)

SURETY ESTIMATE UPDATE

Energy Fuels Nuclear, Inc.
Rim-Columbus Mines M/037/006 San Juan County file m37-06up.wb2
Prepared by Utah Division of Oil, Gas & Mining last revision 01/02/97

DESCRIPTION:

-This update is for a transfer from Umetco Minerals Corp. to Energy Fuels Nuclear, Inc.
-1988 base amount taken from the July 1988 estimate prepared by the Division
-There has been no mining activity at the site since 1984
-Underground mine workings were dewatered until 1993
-Permit transferred from Atlas Minerals Corp. to Umetco Minerals Corp. in 1989
-Surety was replaced by Umetco Minerals Corp. in 1994 due to a change in surety company
-Land ownership for the mine sites is BLM
-Escalation factors through 1995 are actual Means Historical Cost Indices
-Total disturbed area from the 1994 estimate update = 13 ACRES

CALCULATIONS

	YR	ESCAL FACTOR	BOND AMOUNT
	1987	0.0195	$0
BASE AMOUNT & YEAR	**1988**	0.0181	**$32,200**
	1989	0.0177	$32,770
	1990	0.0077	$33,022
F = P(1 + i)**n	1991	0.0127	$33,442
F = Future Sum	1992	0.0221	$34,181
P = Present Sum	1993	0.0261	$35,073
i = Escalation Factor	1994	0.0321	$36,199
n = number of periods	1995	0.0193	$36,897
	1996	0.0258	$37,849
	1997	0.0258	$38,826
Three Yr Average = 2.58%	1998	0.0258	$39,827
Used to Project 5 Yrs	1999	0.0258	$40,855
Into the Future	2000	0.0258	$41,909
From the Year 1997	2001	0.0258	$42,990
	2002	0.0258	$44,099

Updated Surety Amount Rounded (2002 $) **$44,100**

** Average cost per acre = 3,392 ($/ACRE)

NOTE: Previous Division estimate was $36,100 (1993 $)