U.S. ENERGY CORP.

877 NORTH 8th WEST PHONE (307) 856-9271 RIVERTON, WYOMING 82501

M/37/040

Mr. Doug Jensen
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, UT 84114-5801

Re: Velvet Mine, M/037/040, San Juan County, Utah

Dear Mr. Jensen:

This letter is to verify that no activity has occurred at the above mentioned mine since U.S. Energy Corp. has taken over these properties.

Due to the current depressed uranium market there are no immediate plans to commence operations in the near future. As I mentioned earlier, there are plans to reduce the slopes on the spoils pile and to topsoil and re-seed those slopes as a means to reduce the amount of sediment entering into the adjacent drainage channel. Prior to any construction, maps illustrating existing and proposed final contours shall be submitted for your review and approval.

If you have any questions or concerns in regards to this submittal please feel free to call me at (307) 856-9271.

Sincerely,
U.S. Energy Corp.

Daniel Arima

Daniel Arima
Environmental Coordinator

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