M/037/043

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April 22, 2005

Terry Wetz
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Subject: Inconsistencies Found in Maps Submitted for Five-Year Surety Review, International Uranium (USA) Corporation (IUC), San Juan County Mine Permits; Rim Columbus (M/037/006), Pandora (M/037/012), LaSal/Snowball (M/037/026), Hecla Shaft (M/037/043), San Juan County, Utah

Dear Mr. Wetz:

The problems listed below were found as the maps submitted by IUC for the five-year review were reviewed:

M/037/006 - Rim-Columbus

Maps dated 1991 indicate the there was additional disturbance north of the disturbed area outline on your latest map. Also areas were shown as disturbed northeast of your disturbed area outline. There is sewer and water lines extending out in those areas. Please state why these areas should not be considered part of the disturbance.

The area impacted by the topsoil pile was not included in the disturbed area calculation; this area should be included in the total disturbance.

A map dated 1978 indicates that a vent hole was proposed that would have fallen off the eastern edge of your latest Rim-Columbus map. Was this vent hole ever constructed?

The area around the Columbus Mine is not noted as part of the disturbance. Was this area left off the total acreage for a reason? If this was an oversight on IUC's part, please include this area in the total disturbance acreage of this permit. If this area should not be included in the final reclamation, please note where in the plan this area was exempt.

A 20-inch vent hole is shown between the Rim and Humbug areas. This area and access to this area needs to be included in the total disturbance.

There is nothing in the plan that alludes to the responsibility for the removal of the power lines and transformers that exist on the site. Is the removal of these items a reclamation responsibility of IUC or are they the property of Utah Power? Removal of these lines and transformers will need to be included in the reclamation surety if they are the responsibility of IUC.

M/037/012 - Pandora
A discount was allowed on the surety for salvage value for the buildings and water tank at the site. Because of the fluctuating markets, salvage values cannot be used to reduce the reclamation liabilities at the site. The original estimated cost for the removal of these items will be added back into the surety calculations.

M/037/026 – LaSal-Snowball Mines
The Pandora & LaSal – Snowball sureties were recalculated in 1989. At that time, closure of the vent holes and removal of the power lines were included. The Pandora mine surety indicated a total of 4,000 linear feet of power lines to be removed and 8 vent holes to be closed. The LaSal-Snowball surety showed a total of 10 vent holes to be closed and 8,000 linear feet of power line to be removed.
Your letter Dated April 16, 2004 shows only 5 vent holes being assigned to the Pandora Mine and 19 vent holes assigned to the LaSal-Snowball Mine (two of which are shown to be reclaimed). Which of these numbers is correct?

Scaling from your General Location Map for permits M/037/012, M/037/026, M/037/043, M/037/046 there is approximately 25,000 linear feet of power lines associated with these 19 vent holes. If this number is correct, additional footage will need to be included in the surety to reflect this increased total.

Only 6 of the sites show that there are transformers to be removed (three sites show that transformers have been removed), is this number correct?

The transformer inventory submitted to the Division December 2002 indicates that a total of 10 vent holes still had transformers at that time, which number is correct? This inventory indicates that a total of 64 transformers are located at the sites at LaSal, is this correct? The surety will need to be adjusted to account if these items have been removed. The cost for the removal of the transformers that show PCB contamination will need to be adjusted to reflect the special handling required.

There are no items included in the either the Pandora or the LaSal-Snowball mine sureties for the removal of transformers at the vent hole sites, these items will need to be included in the next surety calculation.

One 7 ft uncased vent hole northeast of the LaSal Portal shows a power drop but no power line leading to the site. Is there a power line associated with this vent hole?

A line item will need to be added to include the removal of the fence surrounding the LaSal Mine area.

M/037/043 - Hecla Shaft

No line items have been placed in the surety for the closure of the onsite well and the removal of the underground water tank. These items will need to be included in the reclamation surety.

Closure of the monitor wells will also have to be included. Is there any long term monitoring requirements for this site? A line item of $15,000 was included in a 1983 bond estimate for continuing or periodic sampling or testing. Is this estimate still valid for this site?

None of the maps received indicate the length of the power feed line into the Hecla site that IUC will be responsible for removing. Please show this line trace on the General Location Map and include that distance in your reply.

A line item will need to be included for the removal of the fence surrounding the property.

A line item needs to be included for the closure of the escapeway/vent hole located on the Hecla site.

A review of the original surety estimate indicates that the 35 acres site can be reseeded in a 3-hour period. This is not realistic time estimate; the Division feels that it would be more realistic to estimate 10 hours to seed a 35-acre area. Unless IUC can show that the 3-hour estimate is realistic the surety will be changed to reflect a 10-hour estimate.

As the reclamation sureties were reviewed the for the IUC mines in San Juan County, the following items were found that were not included in the initial bond calculations.

- None of the bonds reviewed have a line item for mobilization/ demobilization of equipment needed to perform the reclamation. These items will be added into the surety calculations for each mine.

- Supervision for the listed reclamation activities needs to be added. Supervision is calculated at 10% of the reclamation costs. This item will be added to the surety calculations.

- A line item should have been included in each of the sites to include fertilization or mulching, which is committed to in the plans if the test plots show that these treatments would be necessary. There have been no results filed to indicate the results of this testing. Until data is submitted to show that fertilization or mulching would not be necessary, these items will be need to be included in the surety calculation.

- An additional line item needs to be placed in all surety calculations to include ripping prior to seeding. Although dozer and grader time has been allocated for recontouring features at all sites, there is no contingency for ripping to remove compaction before seeding takes place.

- None of the mine site maps indicate the presence of transformers or the number of transformers. Please indicate whether these items are located at the mine site that will need to be removed during reclamation.

Please provide a response to these inconsistencies within 30 days or by May 25, 2005. If you have any questions please contact me at (801) 538-5258 or Doug Jensen at (801) 538-5382.

Sincerely,

Susan M. White

Susan M. White
Mining Program Coordinator
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