M/037/088

Beth
Doug
Paul

LISBON VALLEY MINING CO

June 26, 2006

Mr. Doug Jensen
Minerals Regulatory Program
Utah Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Re: Request for Annual Bond Adjustments 2006-2007. Lisbon Valley Mining Co LLC, 920 South County Road 313, San Juan County, Utah. File Number E/037/088

Dear Doug:

The Lisbon Valley Mining Company LLC [LVMC (Summo USA Corporation – Operator)] respectfully requests the Division to consider annual bond adjustments for LVMC in 2006 and 2007. As discussed over the telephone, the LVMC is in need of an adjustment this year to expand the waste dump and build a haul road to the planned GTO pit. In 2007 an additional adjustment will be necessary to expand the leach pad (Stage III).

A bond calculation worksheet is attached for your review and approval prior to submittal of a revised Reclamation Contract (Form MR-RC) for 2006. The worksheet was originally prepared by Winters Dorsey & Co LLC in 1997 and approved by the Division in 2004. The LVMC has conservatively calculated the bond amount for each facility based on percent complete, as a function of ground disturbance. Costs are escalated 2.58%/yr. The worksheet includes bond calculations for both 2006 and 2007 escalated out to 2010 dollars. Please note the waterline from our southern well field has been added. This was not included in the original spreadsheet.

We understand there will be extra administrative work required to accomplish this request, and hope that the Division will support the process.

Please call Lantz Indergard at (435) 686 9950 #226 if additional information is needed.

Sincerely,

Lantz Indergard PG
Environmental Manager
Lisbon Valley Mining Co LLC

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Cc Pat Gochnour, Gochnour & Associates, file

LISBON VALLEY MINING CO

Bond Worksheet
Lisbon Valley Mining Co
La Sal, Utah

Summo USA Corporation- Lisbon Valley Copper Project.
Updated to reflect anticipated 06 and 07 disturbance.

Based on *Details of Final Reclamation* - original estimate prepared by The Winters Group 1997

ACTIVITY	AREA	QUANTITY	UNITS	$/Unit	1997 $ Cost	2004 $ Cost	2006 $ Cost	2007 $ Cost	Anticipated % Complete in 06	06 Bond Requirement	Anticipated % Complete in 07	07 Bond Requirement
Waste Dump A- 190 acres												
area of top	456,444		SY									
area of slope	462,680		SY									
scarify top (flat) area		456,444	SY	0.20	$ 91,289	$ 109,108	$ 114,811	$ 117,773				
12 inches soil on top of dump		152,148	CY	1.25	$ 190,185	$ 227,308	$ 239,189	$ 245,360				
12 inches soil on slope		154,227	CY	1.25	$ 192,784	$ 230,415	$ 242,457	$ 248,713				
seed entire surface		190	acre	174	$ 33,060	$ 39,513	$ 41,578	$ 42,651				
Total-waste dump "A" reclamation					$ 507,318	$ 606,344	$ 638,035	$ 654,496	0.00	0	0.00	0
Waste Dump B- 94 acres												
area of the top	197,222		SY									
area of the slope	258,240		SY									
scarify top (flat) area		197,222	SY	0.20	$ 39,444	$ 47,143	$ 49,607	$ 50,887				
12 inches soil on top of dump		65,741	CY	1.25	$ 82,176	$ 98,216	$ 103,350	$ 106,016				
12 inches soil on slope		86,080	CY	1.25	$ 107,600	$ 128,603	$ 135,325	$ 138,816				
seed entire surface		94	acre	174	$ 16,356	$ 19,549	$ 20,570	$ 21,101				
Total-waste dump "B" reclamation					$ 245,576	$ 293,511	$ 308,852	$ 316,820	0.00	0	1.00	316,820
Waste Dump C- 120 acres												
area of the top	344,222		SY									
area of the slope	238,633		SY									
scarify top (flat) area		344,222	SY	0.20	$ 68,844	$ 82,282	$ 86,583	$ 88,816				
12 inches soil on top of dump		114,741	CY	1.25	$ 143,426	$ 171,422	$ 180,382	$ 185,035				
12 inches soil on slope		79,544	CY	1.25	$ 99,430	$ 118,838	$ 125,049	$ 128,276				
seed entire surface		120	acre	174	$ 20,880	$ 24,956	$ 26,260	$ 26,938				
Total-waste dump "C" reclamation					$ 332,580	$ 397,498	$ 418,274	$ 429,065	1.00	418,274	1.00	429,065
Leach Pad- 254 Acres												
Rinse Heap- 12%of total ore neutralized; rinsing & evaporation for 18 months												
lime (2.5 lbs/ton)x($0.025/lb)x(5.9M ton)		5,900,000	ton	0.063	$ 368,750	$ 440,728	$ 463,763	$ 475,728				
labor, power & pump for draindown & evaporation for 18 months		1	lot	446,640	$ 446,640	$ 533,822	$ 561,723	$ 576,215				
Subtotal for heap rinse & evaporation					$ 815,390	$ 974,550	$ 1,025,486	$ 1,051,943	0.49	502,488	0.70	736,360
area of the top	788,556		SY									
area of the slope	441,653		SY									
12 inches clay cap on top	12	262,852	CY	2.50	$ 657,130	$ 785,399	$ 826,448	$ 847,770				
12 inches clay cap on slope	12	147,218	CY	2.50	$ 368,044	$ 439,884	$ 462,875	$ 474,817				
24 inch crushed rock on top	24	525,704	CY	2.50	$ 1,314,260	$ 1,570,797	$ 1,652,896	$ 1,695,541				
24 inch crushed rock on slope	24	294,435	CY	2.50	$ 736,088	$ 879,769	$ 925,751	$ 949,635				
12 inches soil on top	12	262,852	CY	1.25	$ 328,565	$ 392,699	$ 413,224	$ 423,885				
12 inches soil on slope	12	147,218	CY	1.25	$ 184,022	$ 219,942	$ 231,438	$ 237,409				
seed entire surface		254	acre	174	$ 44,196	$ 52,823	$ 55,584	$ 57,018				
Subtotal- clay, crushed rock, soil & seeding for leach pad					$ 3,632,305	$ 4,341,314	$ 4,568,215	$ 4,686,075	0.49	2,238,425	0.70	3,280,253
Reclamation of Miscellaneous Areas												
Pond Area- 11 Acres												
raffinate pond- 12 inches soil		4,853	CY	1.25	$ 6,065	$ 7,249	$ 7,628	$ 7,825				
PLS pond- 12 inches soil		4,852	CY	1.25	$ 6,065	$ 7,249	$ 7,628	$ 7,825				
water runoff pond- 12 inches soil		8,229	CY	1.25	$ 10,286	$ 12,294	$ 12,936	$ 13,270				
seed 3 pond areas		11	acre	174	$ 1,914	$ 2,288	$ 2,407	$ 2,469				
Total-Pond Area reclamation					$ 24,330	$ 29,079	$ 30,599	$ 31,388	1.00	30,599	1.00	31,388
Plant & Crusher Area- 25.5 Acres												
apply 12 inches soil		41,080	CY	1.25	$ 51,350	$ 61,373	$ 64,581	$ 66,247				
seed entire plant area		26	acre	174	$ 4,437	$ 5,303	$ 5,580	$ 5,724				
Total- Plant Area Reclamation					$ 55,787	$ 66,676	$ 70,161	$ 71,971	1.00	70,161	1.00	71,971
Haul Roads- 40 Acres												
scarify		192,889	SY	0.20	$ 38,578	$ 46,108	$ 48,518	$ 49,770				
contour		64,296	CY	1.25	$ 80,370	$ 96,058	$ 101,078	$ 103,686				
apply 12 inches soil		67,511	CY	1.25	$ 84,389	$ 100,861	$ 106,133	$ 108,871				
seed entire area		40	acre	174	$ 6,960	$ 8,319	$ 8,753	$ 8,979				
Total- Plant Reclamation Area					$ 210,297	$ 251,346	$ 264,483	$ 271,306	0.68	179,848	0.68	184,488
Power Line Corridor- 64 Acres												
*note the power company has requester the line remain open		64	acre	n/c	$ -							
Reseed Soil Stockpile Areas- 40 Acres												
reseed 40 acres		40	acre	174	$ 6,960	$ 8,319	$ 8,753	$ 8,979				
Total- Reseed Soil Stock Pile Areas					$ 6,960	$ 8,319	$ 8,753	$ 8,979	0.33	2,889	0.33	3,040
Fences & Berms Around Open Pits												
fence around Sentinel Pit 1		5,620	LF	3.02	$ 16,972	$ 20,285	$ 21,345	$ 21,896				
fence around Sentinel Pit 2		2,140	LF	3.02	$ 6,463	$ 7,725	$ 7,725	$ 8,338				
fence around Centennial Pit		8,980	LF	3.02	$ 27,120	$ 32,414	$ 34,108	$ 34,988				
fence around GTO Pit		7,410	LF	3.02	$ 22,378	$ 26,746	$ 28,144	$ 28,870				
Total - Pit Fences					$ 72,933	$ 87,169	$ 91,321	$ 94,092	0.00	0	0.00	0
Surface Drainage Diversion Ditches												
leach pad area		7,473	CY	1.25	$ 9,341	$ 11,164	$ 11,748	$ 12,051				
plant area		1,595	CY	1.25	$ 1,994	$ 2,383	$ 2,508	$ 2,572				
crusher area		1,810	CY	1.25	$ 2,263	$ 2,705	$ 2,846	$ 2,920				
dump areas		13,668	CY	1.25	$ 17,085	$ 20,420	$ 21,487	$ 22,042				
Total-Drainage Diversion Ditches					$ 30,683	$ 36,672	$ 38,589	$ 39,584	0.75	28,942	0.75	29,688
Water Line												
12 inches soil on top		7,582	CY	1.25	$ 9,478	$ 11,328	$ 11,920	$ 12,228				
seed entire surface		4.7	acre	174	$ 818	$ 978	$ 1,029	$ 1,055				
Total-Drainage Diversion Ditches					$ 10,296	$ 12,306	$ 12,949	$ 13,283	1.00	12,949	1.00	13,283
Direct Costs												
Mobilization and Demobilization		1	lot	35,000	$ 35,000	$ 41,832	$ 44,018	$ 45,154				
Leach Pad & Waste Dumps		combined total of previous items			$ 5,533,170	$ 6,613,219	$ 6,958,863	$ 7,138,401		3,159,187		4,445,678
Misc. Surface Areas		combined total of previous items			$ 400,990	$ 479,261	$ 504,310	$ 517,321		325,388		333,859
Total Direct Costs					$ 5,969,160	$ 7,134,312	$ 7,507,191	$ 7,700,877		3,484,575		4,779,537
Indirect Costs												
Plant Dismantling assumes no salvage value		1	lot	450,000	$ 450,000	$ 537,838	$ 565,948	$ 580,550				
Plugging monitoring wells												
5-wells, 500ft		2,500	lf	2.20	$ 5,500	$ 6,574	$ 6,917	$ 7,096				
6-wells 1,200ft		7,200	lf	3.30	$ 23,760	$ 28,398	$ 29,882	$ 30,653				
Engineering- 5% of total direct costs		1	lot	298,458	$ 298,458	$ 356,716	$ 375,360	$ 385,044				
Owners Cost- OMITTED												
Water Quality Monitoring for 11 wells		110	sample	500	$ 55,000	$ 65,736	$ 69,171	$ 70,956				
Revegetation monitoring for 5 years		5	year	5,000	$ 25,000	$ 29,880	$ 31,442	$ 32,253				
Construction management		1	lot	180,199	$ 180,199	$ 215,373	$ 226,630	$ 232,477				
Contingency (10% of Total Direct Costs)		1	lot	596,916	$ 596,916	$ 713,431	$ 750,719	$ 770,088				
						$ -	$ -	$ -				
Total Indirect Costs					$ 1,634,833	$ 1,953,945	$ 2,056,069	$ 2,109,115		945,792		1,309,019
										4,430,366		6,088,556
Adjusted Total Costs 2.58%/yr					$ 7,603,993	$ 9,088,256	$ 9,563,260	$ 9,809,992	**Existing Bond**	(3,500,000)		(3,500,000)
									06 Bond Requirement	930,366	**07 Bond Requirement**	2,588,556
									" escalated to 07$	954,370		
									" escalated to 08$	978,992	" escalated to 08$	2,655,341
									" escalated to 09$	1,004,247	" escalated to 09$	2,723,847
									" escalated to 10$	1,056,738	" escalated to 10$	2,794,113

Escalation Schedule

0	$1.0000
1998	$1.02580
1999	$1.05227
2000	$1.07941
2001	$1.10726
2002	$1.13583
2003	$1.16513
2004	$1.19520
2005	$1.22603
2006	$1.25766
2007	$1.29011
2008	$1.32340
2009	$1.35754
2010	$1.39256
2011	$1.42849