



STATE OF NEW MEXICO

ENVIRONMENTAL IMPROVEMENT DIVISION
P.O. Box 968, Santa Fe, New Mexico 87504-0968
(505) 827-5271
Thomas E. Baca, M.P.H., Director

Bruce King
GOVERNOR

George S. Goldstein, Ph.D.
SECRETARY

Larry J. Gordon, M.S., M.P.H.
DEPUTY SECRETARY

January 13, 1982

MEMORANDUM

TO: Cubia Clayton, Assistant Director
for Statewide Services, and

Joe Pierce, Chief
Water Pollution Control Bureau

THROUGH: Gerald W. Stewart
Uranium Licensing Section

FROM: Kent Breese
Uranium Licensing Section

SUBJECT: UNC Financial Position

Has seen 18 Jan 82
[Signature]

The following information, excerpted from UNC's form 10-K submitted to the Securities and Exchange Commission on June 1, 1981 may be of interest to you:

1. p. 17 (attached) - UNC mentions contractual obligation totaling 32,784,000 lbs. of U₃O₈. Assuming 0.12% ore grade, and present throughput of 35,000 T. ore per month, these obligations could not be met for 32.5 years.
2. p. 18 (attached) - UNC is seeking court relief from having to provide 27,000,000 lbs. of the above 32,784,000 lbs. of yellowcake. The outcome of this and other litigation "could materially affect the financial position or operations of UNC and the Registrant (UNC Resources, Inc., UNC's parent company)." Assuming a return to the maximum throughput of 4000 T. ore per day (requested in UNC's license renewal application), the remaining obligations could be met in as little as 20 months.

Actual time required to meet existing contractual obligations could fall anywhere in between the above two limits, depending on production levels and litigation outcomes.

This information was submitted by UNC in a package of evidence of ability to self-insure and will be considered in evaluating compliance with the Radiation Protection Regulations, part 3-315. The information is hereby offered for your consideration in evaluating the ability of UNC to fulfill long-term commitments to EID. No response is requested.

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