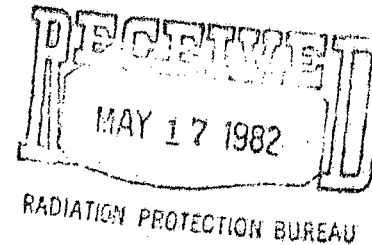


RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION

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May 11, 1982

Thomas B. Christiansen
Environmental Scientist
Uranium Licensing Section
N.M.E.I.D.
P. O. Box 968
Santa Fe, NM 87504-0968



RE: Your letter of April 12, 1982

Dear Tom:

We have studied the above referenced letter at some length. As you know, Ranchers and EID staff also held a conference on May 7 to further discuss the letter. By this letter Ranchers sets forth its formal response.

First, I believe we agree that any EID jurisdiction over cleanup or decontamination at the Johnny M relates only to two relatively small surface storage areas. These areas comprise less than one acre of ground in total. The storage areas have been identified to the EID in person and on maps.

Ranchers will scrape, clean up and cover such areas in a manner that it deems reasonable and prudent. Measurements of any residual radon and gamma radiation will be taken and made available to the EID. The EID will be permitted to examine the cleanup work in progress and when finished. A good faith attempt will be made by Ranchers to consider and act on any EID suggestions or demands for additional cleanup of the sandfill storage areas to the extent Ranchers believes such requests to be reasonable and practical.

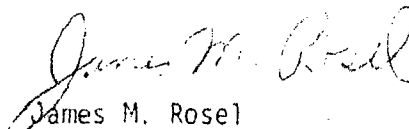
Notwithstanding the above, and without attempting to comprehensively brief herein all of the reasons and arguments for our position, Ranchers does not agree with or consent to the attempt in the April 12th letter to set specific cleanup criteria for mill tailings storage areas. Generally, we believe any such action must be subject to the legislation-regulation process and for good reason, since the subject has never to our knowledge been addressed in this context. Ranchers certainly does not wish to prejudice its own or the industry's position to contest any such attempt at regulation. We therefore disagree that the EID has the present authority to issue, enforce or unilaterally set the regulations and standards set forth in your April 12th letter and any action taken by Ranchers pursuant to its cleanup plan is without prejudice to its right to contest or protest any such EID action or authority.

Thomas B. Christiansen
N.M.E.I.D.
May 11, 1982
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I believe you will find our position to be consistent with that expressed at our May 7th meeting. We wish to work with the EID on a reasonable basis without prejudicing either of our respective positions, and we wish to avoid the costly and time consuming litigation that may well result from a present contest over the particulars of your letter.

Very truly yours,

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION



James M. Rosel
Assistant Vice President
and Assistant Secretary

JMR/nlp