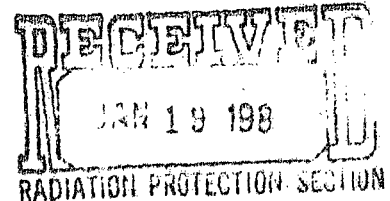


RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION

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Telephone (505) 344-3542 / TWX 910 989 1688 RANC EXPLO ABQ

January 14, 1982



New Mexico Environmental Improvement Division
P. O. Box 968
Santa Fe, NM 87503

ATTN: Tom Christiansen, Environmental Scientist
Randall T. Hicks, Water Resource Specialist

NOTICE OF INTENT TO CEASE OPERATIONS AND TO VACATE PREMISES

Pursuant to Section 4-460 of the EID Radiation Protection regulations, and pursuant to our approved water discharge plan, please be formally advised that Ranchers will soon cease mining at the Johnny M uranium mine. Our expected cessation date is mid-February 1982. We will have personnel on the property for some time after that for purposes of cleanup and salvage.

As we discussed at our meeting on December 4, 1981, this letter is intended to satisfy the requirements of both the radioactive materials and water discharge sections of the EID.

Our cleanup programs consists of the following planned actions which will commence as soon as mining ceases:

1. Remove and bury debris
2 men, 3 weeks with loader & truck
(120 hours)
2. Partially fill ponds with waste rock
and solid wastes
2 men, 4 weeks with loader & truck
(160 hours)
3. Reclaim south bore hole area
(60 hours grader)
(48 hours #1)
4. Reconstruct water diversion main yard to
old arroyo
(40 hours)
5. Undercut toe of waste pile, contour waste,
drift borrow from toe and berms over waste
and pond areas
(120 hours)

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6. Grade main yards to remove radioactive material. Dispose of to ponds.
(60 hours grader)
(24 hours #1)
7. Drift banks around main yard and buildings to cover foundations & yard.
(120 hours)
8. Plug main shaft below Dakota and surface. Plug vent shafts at surface.
5 men, 8 hours
40 yards concrete
Re-bar and forms
9. Remove and dispose of drain line on E $\frac{1}{2}$, S-18
(40 hours #1)
10. Restore drainage both sections and rework disturbed areas.
(40 hours D-8)
(20 hours grader)
11. Re-seed and harrow S-7 and E $\frac{1}{2}$ S-18
(60 hours tractor & harrow)
Seed and labor
12. Rebuild fences
13. Removal and disposal of water discharge line
2 men, 2 weeks with loader & truck
(80 hours)
14. Ore pad(s) - grading and sub-grading with waste disposal
(60 hours grader)
(24 hours #1)
15. Scarify road and drift berm, grade along pipeline, drift material over ore pad(s). Remove cattle guard.
(80 hours grader)
(24 hours #1)
16. Seed and harrow W $\frac{1}{2}$ S-18
(40 hours tractor & harrow)

In addition, the remaining sandfill tailings will be used for backfill prior to shutdown. The settling ponds will be used for disposal of certain contaminated material and covered. The ore pads and sandfill storage areas will be scraped for all economically shippable material and at least an additional three inches. The ore pads and sandfill storage areas will then be covered, contoured with available stockpiled topsoil and then reseeded.

It is my understanding that you will comment on the above described plans and make an inspection of the property when cleanup is complete. It is also my understanding that we are operating under Radiation Protection Regulation 4-460 (April 21, 1980) relating to "Vacating Premises".

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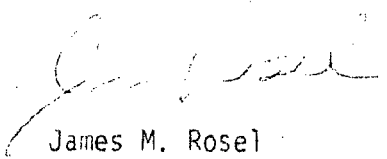
As a final matter, by Thomas Baca's letter of December 8, 1981, the EID has formally requested permission for an EID groundwater study at the Johnny Mine. In principle, we have no objection to allowing the EID to perform such a study on the north vent hole only, and permission is granted for the north vent hole, subject to the following restrictions, limitations and conditions:

1. Ranchers does not own any of the subject property and its rights to access will soon terminate. Ranchers makes no representations that the land owners will allow access to the EID for any purpose.
2. EID must assume full liability for the acts or omissions of its employees or agents for any damage caused by them while on the property in connection with the proposed study.
3. The EID waives forever the use of any data collected during the proposed study against Ranchers or its successors or assigns for any purpose whatsoever without the prior written approval of Ranchers.
4. Such access as Ranchers is able to provide will be limited to the north vent hole, where 8" and 3" diameter conduit will be left in place and available for EID use, subject to 1 above. The shaft and other vent hole will be plugged and sealed by Ranchers.

As always, we will be happy to meet with your staff to discuss the details of the study and to answer any questions regarding the cleanup plan. We would also appreciate your comments on the cleanup procedures as soon as possible.

Very truly yours,

RANCHERS EXPLORATION AND
DEVELOPMENT CORPORATION


James M. Rosel
Assistant Vice President
and Assistant Secretary

JMR/nlp