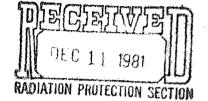


December 8, 1981

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

Mr. James Rosel RANCHERS EXPLORATION AND DEVELOPMENT CORPORATION Box 6217, 1776 Montano Road Albuquerque, New Mexico 87197



Dear Mr. Rosel:

The Environmental Improvement Division would like to continue to sample the Johnny M Mine after decommissioning.

The Environmental Improvement Division is currently involved with the evaluation of the water quality effects of mine stope backfilling with uranium mill tailings. Results of laboratory bench-scale experiments on tailings backfill are forthcoming. However, the termination of mining activities and the resaturation of the Johnny M Mine can provide the EID with an opportunity to study "in-situ" water quality changes in a backfilled uranium mine.

The EID would like to perform experiments and sample the ground water in the Johnny M Mine during and after resaturation. In order to sample the ground water in the mine workings, one or more conduits from the surface to the working levels will be necessary. We realize that Ranchers plans to salvage as much as possible from the mine and that Ranchers must abandon the mine in accordance with State and Federal Regulations. If acceptable to Ranchers, the EID will work with Ranchers to design conduits which will satisfy the Regulations and our sampling needs.

The EID will take responsibility for EID activity on the site after Ranchers terminates activities. All of the water quality data collected by the EID will be shared with Ranchers.

Please let me know how you wish to proceed with this matter.

Sincerely,

& A_

THOMAS E. BACA Director

TEB/RTH/js

cc: William Bennett, EID District I, Albuquerque Ray Madsen, EID Milan Office Gerald Stewart, Radiation Protection Bureau, EID