

FINANCIAL ANALYSIS OF SELECTED URANIUM MINING AND BONDING  
COMPANIES IN NEW MEXICO

Submitted to

New Mexico Environmental Improvement Division

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Introduction

The purpose of this financial analysis of seven companies (five parent companies of the uranium mining companies and the two bonding companies) is to determine their capacity in meeting financial obligations to New Mexico. These requirements are spelled out in the New Mexico Radiation Protection Regulations (Part 3-315 E.2 through 9) and the Environmental Improvement Division (EID) is charged with ensuring that they are met. The purpose of the financial requirements is to ensure that uranium ~~mining~~<sup>milling</sup> site maintenance and reclamation is carried out. The regulation requires that uranium ~~mining~~<sup>milling</sup> companies self insure or provide a surety bond. The reclamation amount is calculated by multiplying the number of acres times \$25,000 per acre. Three mining companies have elected to self insure and two provide surety bonds obtained from insurance companies.

The EID has contracted with the Bureau of Business and Economic Research, University of New Mexico in order to evaluate company financial compliance on a regular reporting basis. The Radiation Protection Regulations specify three financial tests which must be met for companies which self-insure. These involve the relationship of the dollar amount of the stabilization requirement to: working capital, cash flow and stockholders' equity (net worth). These reviews have been conducted on a regular basis. This detailed financial analysis is undertaken for five of the mining companies and two companies which provide surety bonds. The uranium mining companies and their parents are:

- \* Outside of Scope
- \* Outside of Scope
- \* Quivira Mining Company, a subsidiary of Kerr-McGee Corporation (58.2 million self insured stabilization requirement);

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\* Outside of Scope  
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Outside of Scope

The insurance companies providing surety bonds are:

- \* Federal Insurance Company <sup>005</sup> [Outside of Scope]  
 [Outside of Scope]
- \* Insurance Company of North America <sup>005</sup> [Outside of Scope]  
 [Outside of Scope]

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The body of this report is divided into two sections and it follows the summary and conclusion. In the first section, a compilation of ratings made by research companies is reported. In the second section, the sources of information and method of analysis are reviewed; each company is examined in some detail and recent events which impinge on financial strength are summarized. The financial statements for 1980 through 1984 are analyzed and the financial risk and ability to meet obligations are summarized by means of four financial ratios.

Summary and Conclusion

The detailed analysis of each company (Section II) and the ratings made by research companies (Section I) speak for themselves. Moody's bond ratings and the stock ratings by Standard & Poor's and Value Line indicate average and above financial strength for [Outside of Scope] Kerr-McGee Corporation (Quivira Mining Company) and average to below average ratings for [Outside of Scope] The natural resource industries (oil and gas and the uranium in particular) have faced difficult

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