

# Rio Algom Mining Corp.

40-8768

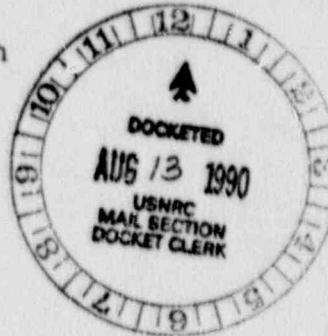
Marvin D. Freeman 04008768820E  
Vice President

August 7, 1990

RETURN ORIGINAL TO PDR, HQ.

Mr. Ramon Hall  
U.S. Nuclear Regulatory Commission  
Region IV  
Uranium Recovery Field Office  
P. O. Box 25325  
Denver, Co. 80225

Re: License SUA-1387  
Docket No. 40-8768  
Wyoming O-Sand Pilot



Dear Mr. Hall:

Condition #23 of License SUA-1387 requires that we provide NRC an annual update on the reclamation bond estimate and include copies of surety-related correspondence with the State, copies of the State's Surety Review and copies of the final approved surety arrangement.

Rio Algom Mining Corp. (RAMC) submitted an updated bond estimate to the State April 20, 1990; however, we are still discussing some limited adjustments and do not expect to have a final State approved amount until October or November. When a final amount is approved, we will submit the additional data to NRC.

RAMC currently has two (2) self-bond agreements with the State of Wyoming in the amount of \$109,000 and \$157,000. The 1990 proposed revisions to the State on these bonds are new bond amounts of \$6,200 and \$197,200 respectively. Attached are copies of the annual report cover letter to Wyoming DEQ, the Q-Sand and O-Sand pilot bond estimates, and copies of the current self-bond agreements with the State.

Sincerely,

*Marvin D. Freeman*  
Marvin D. Freeman  
Vice-President

9010030222 900807  
PDR ADOCK 04008768  
C PNU

MDF:jet  
Attachments: As stated  
CC: Lee May/Dale Alberts  
Bill Ferdinand  
File

*FO2*  
*Add Info*  
*90-0731*

**DESIGNATED ORIGINAL**

# Rio Algom Mining Corp.

Marvin D. Freeman  
Vice President

April 20, 1990

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Mr. Roger Shaffer  
Wyoming Department of Environmental Quality  
Land Quality Division  
401 West 19th Street  
Cheyenne, Wy. 82002

RE: Annual Reports  
Permits 304C-R1, 5RD, 13RD

Dear Mr. Shaffer:

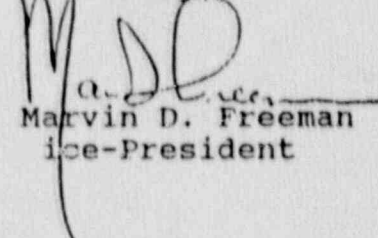
Enclosed are Rio Algom Mining Corp.'s annual Mining and Reclamation Reports for the annual report period ending March, 1990 for Permits 304C-R1, 5RD and 13RD.

Mining operations remained suspended during the past year at the Bill Smith Underground Mine. Reclamation of the open pit areas has been completed except for some minor repair and re-establishing vegetation. Solution mining operations continued at the "O" Sand project (Permit 13RD) during the report period.

Reclamation cost estimates for each project have been prepared and are attached to the respective reports. Reclamation bonds will be adjusted after DEQ review and approval of the new cost estimates.

Please call me if you have any questions.

Sincerely,



Marvin D. Freeman  
Vice-President

MDF:jet  
Enclosures:

CC: Bureau of Land Management  
Attn: Ed Coy  
951 North Poplar  
Casper, Wy. 82601

TABLES C-1

RECLAMATION BOND ESTIMATE - 1990  
 O-SAND SOLUTION MINING PILOT

1. <u>RECOVERY PLANT FACILITIES</u>	<u>\$ (000)</u>
A. Contaminated Piping Disposal	
* 1. Removal (3 man crew - 5 days @ \$11/hr.)	1.3
2. Load & Haul (1 truck Load @ \$1.5M/load)	1.5
3. Disposal Fee (1 load @ \$1M/load)	1.0
B. Tankage Decontamination and Removal	
* 1. Decontamination (10 man hr/tank x 15 tanks x \$11/hr)	1.7
* 2. Removal (3 man crew - 5 days @ \$11/hr)	1.3
3. Small Cherry Picker (20 hrs. @ 40/hr)	0.8
4. Survey for Tank Release (15 tanks @ \$50/hr)	0.8
5. Load and haul for resale value	-
C. Pumps, Filters, Meters, Etc.	
* 1. Remove and decontaminate - 12 pumps (3 men - 2 days @ \$11/hr)	0.5
* 2. Remove miscellaneous pumps, filters (3 men - 2 days @ \$11/hr)	0.5
3. Load, haul and disposal (partial truckload)	2.0
D. Decontaminate Process Area	
1. Wash down 3600 sq. ft. area @ \$0.50/ft. <sup>2</sup>	1.8
2. Pump wash down to lined pond for evaporation	-
Sub-Total	<u>\$ 13.2</u>
II. <u>GROUNDWATER RESTORATION</u>	
A. All equipment including EDR on site	-
*See attachment 1 for explanation of labor rates.	

Annual Mining and Reclamation Report  
 March 26, 1990

II. GROUNDWATER RESTORATION (Continued)

\$ (000)

B. Aquifer Restoration

* 1.	Oper. Labor (3 men - 160 hr./mo. x 12 mos. x \$13/hr.)	74.9
2.	Chemicals & supplies - \$1,500/mo. x 12 mos.	18.0
3.	Electrical power - (55 HP x 8640 hr./yr. x \$0.036/KWH)	17.1
4.	Maintenance (\$400/mo. x 12 mos.)	4.8
5.	Sampling & monitoring (6 sets x 6 wells x \$140/sample)	5.1

C. Aquifer Stability Monitoring

* 1.	Sampling (12 man hrs./set x 6 sets x \$11/hr.)	0.9
2.	Analysis (6 sets x 6 wells x \$140/sample)	<u>5.1</u>

Sub-Total

\$ 125.9

III. WELL FIELD RECLAMATION

* A.	Header building removed (80 hrs. @ \$11/hr.)	0.9
* B.	Remove power line, transformers, and other well field equipment (120 hrs. @ \$20/hr.)	2.4
C.	Plug and cap 24 wells @ \$200/well	4.8
D.	Remove Contaminated Piping	13.2
E.	Reclaim Surface	
1.	Rip & contour header site (Motor grader - 3 hours @ \$80/hr.)	0.2
2.	Replace topsoil - 400 cy @ \$1/cy	0.4
3.	Disc & seed for stubble (2 ac @ \$65/ac)	0.1
4.	Final seeding and fertilizer (2 ac \$150/ac)	0.3
5.	Revegetation, Bond (2 ac @ \$200/ac)	<u>0.4</u>

Sub-Total

\$ 22.7

\* (See attachment 1, for explanation of labor rates)

Annual Mining and Reclamation Report  
March 26, 1990

IV.	<u>EVAPORATION POND RECLAMATION</u>	<u>\$ (000)</u>
A.	Solids & Liner Disposal	
1.	Remove and Load Material (370 cu. yds. @ \$1.50/yd.)	0.6
2.	Haul to disposal site (10 loads @ \$1500/load)	15.0
3.	Disposal fee (lump sum @ \$10M)	10.0
B.	Recontour Pond Site	
1.	Dozer (16 hrs. @ \$110/hr.)	1.8
2.	Motor Grader (8 hrs. @ \$80/hr.)	0.6
C.	Reclaim Site	
1.	Survey Pond Area	0.3
2.	Remove fences	0.5
3.	Topsoil & seed (included in 304C Permit)	<u>-</u>
	Sub-Total	\$ 28.8
V.	<u>OVERHEAD &amp; MANAGEMENT</u>	
	(6% Of Items I-IV - \$161.8M)	9.7
VI.	<u>CONTINGENCY</u>	
	(15% Of Items I-V - \$171.5M)	<u>25.7</u>
	TOTAL RECLAMATION ESTIMATE	\$197.2

Annual Mining and Reclamation Report  
 March 26, 1990

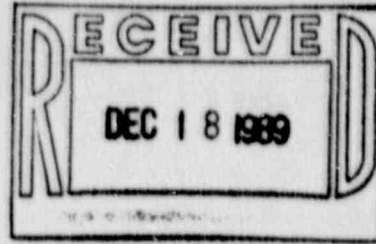
TABLE 5  
 RECLAMATION BOND ESTIMATE  
 DEQ LQD LICENSE 5RD

	<u>\$ (000)</u>
<b>I. <u>Reclamation - Surface &amp; Well Plugging</u></b>	
a. Header building removal (60 hours @ \$11/hr.)	\$ 0.7
b. Remove transformers and cables (20 hrs. @ \$20/hr.)	0.4
c. Plug and cap wells - 10 wells x \$200/well	2.0
d. Cap wells and cutoff below surface (16 wells @ \$50/well)	0.8
e. Reclaim Surface	
1) Rip hard-pack - grader - 1 hr. @ \$80/hr.	0.1
2) Replace topsoil - 100 c.y. x \$1/c.y.	0.1
3) Disc and seed for stubble - 1 acre @ \$65/acre	0.1
4) Final seeding & fertilizer - 1 acre @ \$150/acre	0.2
5) Mobilization	<u>0.5</u>
	<u>Sub-Total</u> \$ 4.9
II. <u>Bond Provision for Reseeding</u>	0.5
III. <u>DEQ Contingency (15%)</u>	<u>0.8</u>
	<u>GRAND TOTAL</u> \$ 6.2



THE STATE OF WYOMING

MIKE SULLIVAN  
GOVERNOR



## Department of Environmental Quality

Herschler Building • 122 West 25th Street • Cheyenne, Wyoming 82002

Administration  
(307) 777-7937

Air Quality Division  
(307) 777-7391

Land Quality Division  
(307) 777-7756  
FAX (307) 634-0799

Solid Waste Management Program  
(307) 777-7752

Water Quality Division  
(307) 777-7781

December 14, 1989

Mr. Marvin Freeman  
Rio Algom Mining Corporation  
6305 Waterford Blvd., Suite 325  
Oklahoma City, OK 73118

RE: Approval of Transfer & Bond for PT 304C, TFN 2 1/137 & 2 1/136  
Approval of Transfer & Bond for 13RD, TFN 2 3/137 & 2 4/136  
Approval of Transfer & Bond for 5RD, TFN 2 2/137 & 2 3/136

Dear Mr. Freeman:

With the recommendation of Patrick Baumann, Sr. Environmental Specialist, District I, your pending transfers referenced above have been approved effective this date. The three self-bonds (SBNC-050, SBNC-049, & SBNC-048 respectively) have been accepted to cover the reclamation costs associated with permit and R&D licenses. Copies of your approved applications, license to mine, and bonds are enclosed.

As of this date the following bonds are released of liability:

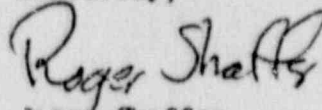
Safeco Bond No. 2971100-2347 - \$109,100.00  
Safeco Bond No. 2971100-2331 - \$157,000.00  
Self-Bond No. SBNC-013 ----- \$902,300.00

The original executions of SBNC-013 and 2971100-2331 are enclosed with Kerr McGee's copy of this letter. The Safeco bond may be presented to the surety for cancellation. A cancelled copy is retained in our files. The correspondence file for 5RD is missing. This file contained the Safeco Bond No. 2971100-2347. The bond is released of liability, but we are unable to return the original to Kerr McGee. No further mining or research and development activity may take place by Kerr McGee under Permit no. 304C, 5RD, or 13RD.

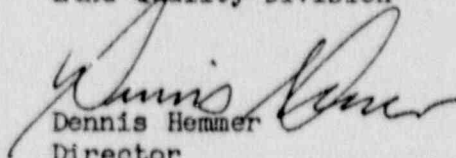
Mr. Marvin Freeman  
Rio Algom Mining Corporation  
Page 2

If you should have any questions, please feel free to contact the District I office in Cheyenne.

Sincerely,



Roger Shaffer  
Administrator  
Land Quality Division



Dennis Hemmer  
Director  
Dept. of Environmental Quality

DH:RS:PJ:jh

Enclosure

cc: District I

Safeco Insurance Co.

Kerr McGee - w/encl.

CERTIFIED MAIL NO. 73809



Department of Environmental Quality  
Land Quality Division  
Herschler Building, 3rd Floor  
122 West 25th Street  
Cheyenne, WY 82002

SELF BOND AGREEMENT

NON-COAL MINERALS

License No. 13RD

Bond No. SBNC-049

KNOW ALL MEN BY THESE PRESENTS, THAT

RIO ALGOM MINING CORP., A DELAWARE CORPORATION  
(State Name and Form of Business Organization)

of OKLAHOMA CITY, OKLAHOMA being duly authorized to do business in the State of Wyoming, as principal, is held and firmly bound unto the State of Wyoming in the sum of One Hundred Fifty Seven Thousand and 00/100 Dollars (\$ 157,000.00), lawful money of the United States, to be paid to the State of Wyoming upon order of forfeiture by the Environmental Quality Council for the payment of which sum, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors, and assigns.

Whereas, the Department of Environmental Quality, Land Quality Division, issued Research & Development License Number 13RD and dated May 14, 1984, and amendment(s) numbered \_\_\_\_\_ and dated \_\_\_\_\_ pursuant to the application of the Principal.

Whereas, check one of the following:

- (a) \_\_\_\_\_ This is an original agreement,
- (b) \_\_\_\_\_ This is an agreement in addition to previous bonding agreement(s) for the above mentioned permit to mine and which agreement(s) remain(s) in full force and effect.
- (c) X This is a replacement agreement for:

1. Bond Number 2971100-2331 Principal Kerr-McGee Corporation  
Surety SAFECO Dated April 2, 1984
2. Bond Number \_\_\_\_\_ Principal \_\_\_\_\_  
Surety \_\_\_\_\_ Dated \_\_\_\_\_

Whereas, the Principal has completed an initial application for self bonding and an Indemnity Agreement which are incorporated herein and made a part of this Self Bond Agreement,

Whereas, said bonding agreement(s) shall cover any and all land affected or to be affected by the mining operation under the above mentioned permit and amendment(s), since the date of issuance of the permit, upon the following described land, as given within said permit and amendment(s),

NE1/4SW1/4 and W1/4NW1/4SE1/4 Section 26, T36N, R74W (60 acres)



/25BRD/  
SELF BOND AGREEMENT  
NON-COAL  
000 2/84

Said principal herein agrees that this obligation shall be non-cancellable and that the liability hereunder is for the duration of the above specified mining and reclamation operations and continues thereafter for a period coincident with the principal's responsibility for the establishment of revegetation on the affected areas pursuant to the requirements of the Wyoming Environmental Quality Act and the applicable Land Quality Division rules and regulations promulgated thereunder, EXCEPT THAT the obligation herein may be cancelled where bond acceptable to the Administrator of the Land Quality Division has been submitted to replace this obligation.

The principal herein further understands and agrees that the procedures for the adjustment of the amount under this bond are specified in Article 4 of the Wyoming Environmental Quality Act and applicable Land Quality Division regulations; that procedures governing the release of all or part of this bond are specified in W.S. 35-11-423 and Land Quality Division regulations, and that the procedures for the forfeiture of this bond are specified in W.S. 35-11-421.

NOW, THEREFORE, the conditions of this obligation are that if the said principal herein shall comply with the terms and conditions of said permit and amendments thereto, and the provisions of and obligations imposed by the Wyoming Environmental Quality Act and any amendments thereto, and with Land Quality Division regulations and any amendments thereto, then the release of this obligation shall proceed as specified in W.S. 35-11-423 and Land Quality Division regulations.

The principal herein further agrees that this bond is posted to insure the permittee's performance upon all acres contained in the above permit. Upon bond forfeiture pursuant to W.S. 35-11-421, all bond or bonds which continue to be held by the Department of Environmental Quality, Land Quality Division for all bonding within the above permit may be forfeited and the forfeited bond or bonds may be used by the Department of Environmental Quality, Land Quality Division to complete the reclamation plan or a modified plan for any or all acres in the above permit and to cover associated administrative expenses.

The principal herein further agrees and understands that this self bond carries with it the right for successive yearly renewals as long as all information required by Land Quality Division regulations, Chapter XII, for Self Bond renewal is submitted in a timely manner to the Land Quality Division and demonstrates the permittee remains qualified. The failure by the principal to file timely renewals shall in no manner impinge upon or prejudice the rights held by the State of Wyoming under this Agreement. Further this agreement remains in full force and effect until replaced or substituted in accordance with the requirements of the Wyoming Environmental Quality Act and the regulations promulgated thereunder.

The principal herein further agrees and understands that this self bond may continue while the principal or its parent guarantor qualify under the regulations. The principal must notify the Administrator immediately at any time it or its guarantor no longer meet the limitation of Land Quality Rules and Regulations at Chapter XII, Section 2.(a)(xiii) or the criteria specified at Chapter XII, Section 2.(a)(viii).

The principal herein further agrees and understands that the Administrator of the Land Quality Division may require a substitution of this self bond by good and corporate surety licensed to do business in the State of Wyoming if the Administrator determines in writing that the self bond fails to provide the protection consistent with the objectives and purposes of the Act.



In witness whereof, we, the said parties, have set our hands and seals.

PRINCIPAL

Signed and executed this 20th day of October, 19 89:

BY: Robert P. Luke  
Robert P. Luke

TITLE: President

State of Oklahoma )

County of Oklahoma )SS.

ALL APPLICABLE CORPORATE ACKNOWLEDGEMENTS ARE ATTACHED HERETO AS PART OF THIS AGREEMENT.

The foregoing instrument was acknowledged before me by Robert P. Luke

\_\_\_\_\_, this 20 day of October, 19 89.

Witness my hand and official seal. Pat D. Brown  
(Notary Public or other authorized officer)

My Commission Expires: March 19, 1992

RESIDENT AGENT FOR SERVICE  
CT CORPORATION SYSTEM

Resident Agent: BY: James D. Frew Date: 10/24/89  
(Signature)  
Wyoming Representative

C T Corporation System Address: 1720 Carey Avenue  
(Printed Name) Cheyenne, Wyoming 82001

COPY

Approved as to form and execution:

Joseph B. Meyer  
Attorney General

BY: John D. Ed Date: December 12, 1989  
Assistant

APPROVED: Roger Skelton Date: 12-14-89  
Administrator, Land Quality Division





License No. 13RD

Self Bond No. SBNC-049

THIS AGREEMENT OF INDEMNITY, by and between the State of Wyoming, Department of Environmental Quality, as indemnitee, (hereinafter referred to as the "Department"), and BIO ALCON MINING CORP., A DELAWARE CORPORATION, duly authorized to do business in the State of Wyoming as indemnitor, (hereinafter referred to as the "Operator");

WITNESSETH

WHEREAS, Operator has filed with the Department an application to self-bond in compliance with provisions of Wyoming Statutes, Section 35-11-417(d), as amended, and the rules and regulations promulgated thereunder, in connection with Operator's Research & Development License No. 13RD;

WHEREAS, Operator presents this agreement for the purpose of meeting the requirements of Wyoming Statutes, Section 35-11-417(d), as amended, and the rules and regulations promulgated thereunder;

WHEREAS, Operator has satisfied the self bonding requirements and criteria set by the Department;

WHEREAS, Operator desires to indemnify the Department from all loss and costs associated with its self bond No. SBNC-049;

WHEREAS, Operator has the full authority under the laws of the State of Wyoming, its articles of incorporation and bylaws to enter into this Indemnity Agreement;

WHEREAS, Operator has full approval from its Board of Directors to enter into this Indemnity Agreement;

WHEREAS, it is in the best interests of Operator, in the legitimate furtherance of its purposes and business, to enter into this Indemnity Agreement;

WHEREAS, the Department, pursuant to the Wyoming Environmental Quality Act, has the legal authority to administer the bonding requirements for mine operations in the State of Wyoming.

NOW THEREFORE, effective upon the execution of this agreement by both parties, for value received, and in consideration of the approval and execution of self bond, number SBNC-049, it's agreed by and between the Operator and the Department as follows:

I. Operator, their successors and assigns, jointly and severally do hereby covenant and agree to indemnify the Department of, from and against any and all demands, liabilities, charges, costs and expenses of whatsoever kind or nature, which the Department may sustain or incur by reason of or in consequence of the failure by the Operator to faithfully perform all the requirements of the Wyoming Environmental Quality Act and any amendments thereto and Land Quality Division regulations and any amendments thereto as it applies to mining operations under the aforesaid Research & Development License No. 13RD and the mining and reclamation plans approved therewith. With the exception of litigation costs as referenced in paragraph VI, Operator's liability hereunder shall not exceed the principal amount set forth in Operator's self bond, bond no. SBNC-049.

II. Upon this agreement becoming effective, the Department shall deliver and execute, as necessary, to Operator any and all documents and forms needed to allow Operator to release any existing bonds, letters of credit, certificates of deposit, cash or government securities that are being replaced by this self bond and self bonding indemnity agreement.

III. This indemnity agreement is continuing and is to be in full force and effect until all of the terms of the operator's self bond have been satisfactorily performed or otherwise discharged to the satisfaction of the State of Wyoming.

IV. Operator hereby fully consents and agrees that any of the following shall not affect nor change or discharge the obligations of this indemnity agreement:

1. Any renewals, amendments, modifications or riders to the terms of the self bond, number SBNC-049, including increases or decreases in the dollar amount of the bond, or the lands to which it applies, in accordance with the requirements of the Environmental Quality Act and the rules and regulations promulgated thereunder.
2. Any extension of time for performance of the whole or any part of the conditions of the self bond, number SBNC-049.
3. Any changes, amendments, or modifications to the terms of the license, number 13RD including the mining and reclamation plans contained therein.
4. The acceptance by the State of Wyoming of any collateral of any kind to further secure the self bond number SBNC-049.

V. If in the Department's opinion Operator has violated the Wyoming Environmental Quality Act as it applies to the mining operations under said Research & Development License No. 13RD, the Department may institute bond forfeiture proceedings against Operator in accordance with the forfeiture proceedings set forth in the Wyoming Environmental Quality Act, W.S. 35-11-421, as amended (1981).

In the event an order of forfeiture is entered by the Wyoming Environmental Quality Counsel against Operator as a result of such bond forfeiture proceedings requiring the forfeiture of all or any part of the self-bond, the Department may mail to Operator written demand for payment of the amount of the self-bond which was so ordered forfeited and Operator shall pay such amount in full to the Department, in immediately available federal funds, within three (3) business days after receipt of such demand. Payment to the Department shall be made to such bank account as the Department shall specify in the demand notice to Operator. If any such order is vacated, reversed, or otherwise made unenforceable by court or administrative agency of competent jurisdiction, any amount previously paid to the Department by operator hereunder shall be refunded to Operator in full within three (3) business days after receipt by the Department of a certified copy of the ruling, order or other action by such court or administrative agency. Any refund to Operator by the Department shall be in immediately available federal funds and shall be made to such bank account as Operator may specify in writing to the Department.

VI. In the event the Department initiates, pursues or is brought into litigation, as a result of attempts to enforce bonding requirements, the Operator agrees to pay all litigation costs incurred by the State in any successful effort to enforce this agreement against the Operator with respect to the operation or activity for which this agreement is made. This agreement pertains to all costs reasonably connected to the litigation costs and all administrative costs reasonably incurred in the course of enforcing or in preparation to enforce the rules and regulations for self-bonding against the Operator with respect to the operation or activity for which this agreement is made. Liability for payment of litigation costs shall not be limited by the principal amount of the Operator's self bond. Operator agrees that vouchers or other proper evidence showing payment shall be conclusive evidence of the fact and amount of liability of such costs.

VII. This agreement shall be deemed terminated in whole or in part; (a) when and as the Department certifies in writing to the Operator that Operator has successfully completed as required by the Environmental Quality Act the mining and reclamation activities pursuant to Research & Development No. 13RD, for which this agreement is posted; or (b) when and as the Department certifies in writing to the Operator that the Operator has provided an acceptable corporate surety bond, letter of credit or other security complying with W.S. 35-11-418 in substitution for this agreement; or (c) when the Department otherwise authorizes release of this agreement in whole or in part to the Operator pursuant to the Environmental Quality Act and the rules and regulations promulgated thereunder.

Operator shall have the right at any time to post a corporate surety bond, letter of credit or other securities complying with W.S. 35-11-418 with the Department in substitution for and release of all or part of this agreement. Operator shall notify the Department in writing of any such substitution, and the Department shall notify the Operator in writing of the acceptability of any such substitution. Said substitution shall not be valid and effective until the Department certifies in writing as such.

VIII. There are no conditions or limitations to this indemnity agreement except those contained herein at the date hereof, and thereafter no alteration, change or modification hereof shall be binding or effective unless executed in writing, signed by the Operator, and approved by the administrator of the Land Quality Division.

IX. Operator agrees to pay all costs and expenses incurred by the Department which are expended in any successful action instituted to enforce the terms of this indemnity agreement.

X. This indemnity agreement shall be good and effective notwithstanding any change or changes in the business name of the Operator.







CERTIFICATE

I, JACK MORRISON, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of Rio Algom Mining Corp., a Delaware corporation.

I further certify that Robert P. Luke is the duly elected and qualified President of the Corporation and that Marvin D. Freeman is the duly elected Vice-President of the Corporation and each is fully empowered to execute for and on behalf of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation the 29th day of October, 1989.

COPY

*Jack R. Morrison*

Jack Morrison  
Assistant Secretary





Copy

State of Wyoming  
Department of Environmental Quality  
Land Quality Division  
Herschler Building, 3rd Floor  
122 West 25th Street  
Cheyenne, WY 82002

SELF BOND AGREEMENT

NON-COAL MINERALS

License No. 580

Bond No. SBNC-048

KNOW ALL MEN BY THESE PRESENTS, THAT

RIO ALCON MINING CORP., A DELAWARE CORPORATION  
(State Name and Form of Business Organization)

of OKLAHOMA CITY, OKLAHOMA being duly authorized to do business in the State of Wyoming, is principal, is held and firmly bound unto the State of Wyoming in the sum of One Hundred Nine Thousand, One Hundred and no/100 Dollars (\$ 109,100.00 ), lawful money of the United States, to be paid to the State of Wyoming upon order of forfeiture by the Environmental Quality Council for the payment of which sum, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors, and assigns.

Whereas, the Department of Environmental Quality, Land Quality Division, issued Research & Development License Number 580 and dated August 28, 1980, and amendment(s) numbered \_\_\_\_\_ and dated \_\_\_\_\_ pursuant to the application of the Principal.

Whereas, check one of the following:

- (a) \_\_\_\_\_ This is an original agreement,
- (b) \_\_\_\_\_ This is an agreement in addition to previous bonding agreement(s) for the above mentioned permit to mine and which agreement(s) remain(s) in full force and effect.
- (c) X This is a replacement agreement for:

COPY

1. Bond Number 2971100-2247 Principal Kerr-McGee Corporation  
Surety, SAFECO Dated September 7, 1984
2. Bond Number \_\_\_\_\_ Principal \_\_\_\_\_  
Surety \_\_\_\_\_ Dated \_\_\_\_\_

Whereas, the Principal has completed an initial application for self bonding and an Indemnity Agreement which are incorporated herein and made a part of this Self Bond Agreement,

Whereas, said bonding agreement(s) shall cover any and all land affected or to be affected by the mining operation under the above mentioned permit and amendment(s), since the date of issuance of the permit, upon the following described land, as given within said permit and amendment(s),

SE 1/4 Section 36, T36N, R74W (40 acres)



Said principal herein agrees that this obligation shall be non-cancellable and that the liability hereunder is for the duration of the above specified mining and reclamation operations and continues thereafter for a period coincident with the principal's responsibility for the establishment of revegetation on the affected areas pursuant to the requirements of the Wyoming Environmental Quality Act and the applicable Land Quality Division rules and regulations promulgated thereunder. EXCEPT THAT the obligation herein may be cancelled where bond acceptable to the Administrator of the Land Quality Division has been submitted to replace this obligation.

The principal herein further understands and agrees that the procedures for the adjustment of the amount under this bond are specified in Article 4 of the Wyoming Environmental Quality Act and applicable Land Quality Division regulations; that procedures governing the release of all or part of this bond are specified in W.S. 35-11-423 and Land Quality Division regulations, and that the procedures for the forfeiture of this bond are specified in W.S. 35-11-421.

NOW, THEREFORE, the conditions of this obligation are that if the said principal herein shall comply with the terms and conditions of said permit and amendments thereto, and the provisions of and obligations imposed by the Wyoming Environmental Quality Act and any amendments thereto, and with Land Quality Division regulations and any amendments thereto, then the release of this obligation shall proceed as specified in W.S. 35-11-423 and Land Quality Division regulations.

COPY

The principal herein further agrees that this bond is posted to insure the permittee's performance upon all acres contained in the above permit. Upon bond forfeiture pursuant to W.S. 35-11-421, all bond or bonds which continue to be held by the Department of Environmental Quality, Land Quality Division for all bonding within the above permit may be forfeited and the forfeited bond or bonds may be used by the Department of Environmental Quality, Land Quality Division to complete the reclamation plan or a modified plan for any or all acres in the above permit and to cover associated administrative expenses.

The principal herein further agrees and understands that this self bond carries with it the right for successive yearly renewals as long as all information required by Land Quality Division regulations, Chapter XII, for Self Bond renewal is submitted in a timely manner to the Land Quality Division and demonstrates the permittee remains qualified. The failure by the principal to file timely renewals shall in no manner impinge upon or prejudice the rights held by the State of Wyoming under this Agreement. Further this agreement remains in full force and effect until replaced or substituted in accordance with the requirements of the Wyoming Environmental Quality Act and the regulations promulgated thereunder.

The principal herein further agrees and understands that this self bond may continue while the principal or its parent guarantor qualify under the regulations. The principal must notify the Administrator immediately at any time it or its guarantor no longer meet the limitation of Land Quality Rules and Regulations at Chapter XII, Section 2.(a)(xiii) or the criteria specified at Chapter XII, Section 2.(a)(viii).

The principal herein further agrees and understands that the Administrator of the Land Quality Division may require a substitution of this self bond by good and corporate surety licensed to do business in the State of Wyoming if the Administrator determines in writing that the self bond fails to provide the protection consistent with the objectives and purposes of the Act.



In witness whereof, we, the said parties, have set our hands and seals.

PRINCIPAL

Signed and executed this 20th day of October, 19 89 :

BY: Robert P. Luke  
Robert P. Luke  
TITLE: President

State of Oklahoma )  
  )SS.  
County of Oklahoma )

ALL APPLICABLE CORPORATE ACKNOWLEDGEMENTS ARE ATTACHED HERETO AS PART OF THIS AGREEMENT.

The foregoing instrument was acknowledged before me by Robert P. Luke

, this 20 day of October, 19 89.

Witness my hand and official seal. Pat D. Burson  
(Notary Public or other authorized officer)

**COPY**

Commission Expires March 16, 1992

RESIDENT AGENT FOR SERVICE  
CT CORPORATION SYSTEM

Resident Agent: By: Edward J. Farnsworth Date: 10/24/89  
Wyoming (Registered) Representative

C T Corporation System Address: 1720 Carey Avenue  
(Printed Name) Cheyenne, Wyoming 82001

Approved as to form and execution:

Joseph B. Meyer  
Attorney General

BY: John L. [Signature] Date: December 12, 1989  
Assis. [Signature]

APPROVED: Roger Shaffer Date: 12-14-89  
Administrator, Land Quality Division



NON-COAL  
SELF BONDING INDEMNITY AGREEMENT



License No. 58D

Self Bond No. SBNC-048

THIS AGREEMENT OF INDEMNITY, by and between the State of Wyoming, Department of Environmental Quality, as indemnitee, (hereinafter referred to as the "Department"), and RIO ALGON MINING CORP., A DELAWARE CORPORATION, duly authorized to do business in the State of Wyoming as indemnitor, (hereinafter referred to as the "Operator");

WITNESSETH

WHEREAS, Operator has filed with the Department an application to self-bond in compliance with provisions of Wyoming Statutes, Section 35-11-417(d), as amended, and the rules and regulations promulgated thereunder, in connection with Operator's Research & Development License No. 58D;

WHEREAS, Operator presents this agreement for the purpose of meeting the requirements of Wyoming Statutes, Section 35-11-417(d), as amended, and the rules and regulations promulgated thereunder;

WHEREAS, Operator has satisfied the self bonding requirements and criteria set by the Department;

WHEREAS, Operator desires to indemnify the Department for all loss and costs associated with its self bond No. SBNC-048

WHEREAS, Operator has the full authority under the laws of the State of its incorporation, its articles of incorporation and bylaws to enter into this Indemnity Agreement;

WHEREAS, Operator has full approval from its Board of Directors to enter into this Indemnity Agreement;

WHEREAS, it is in the best interests of Operator, in the legitimate furtherance of its purposes and business, to enter into this Indemnity Agreement;

WHEREAS, the Department, pursuant to the Wyoming Environmental Quality Act, has the legal authority to administer the bonding requirements for mine operations in the State of Wyoming.

NOW THEREFORE, effective upon the execution of this agreement by both parties, for value received, and in consideration of the approval and execution of self bond, number SBNC-048, it's agreed by and between the Operator and the Department as follows:

I. Operator, their successors and assigns, jointly and severally do hereby covenant and agree to indemnify the Department of, from and against any and all demands, liabilities, charges, costs and expenses of whatsoever kind or nature, which the Department may sustain or incur by reason of or in consequence of the failure by the Operator to faithfully perform all the requirements of the Wyoming Environmental Quality Act and any amendments thereto and Land Quality Division regulations and any amendments thereto as it applies to mining operations under the aforesaid Research & Development License No. 58D and the mining and reclamation plans approved therewith. With the exception of litigation costs as referenced in paragraph VI, Operator's liability hereunder shall not exceed the principal amount set forth in Operator's self bond, bond no. SBNC-048.

II. Upon this agreement becoming effective, the Department shall deliver and execute, as necessary, to Operator any and all documents and forms needed to allow Operator to release any existing bonds, letters of credit, certificates of deposit, cash or government securities that are being replaced by this self bond and self bonding indemnity agreement.

III. This indemnity agreement is continuing and is to be in full force and effect until all of the terms of the operator's self bond have been satisfactorily performed or otherwise discharged to the satisfaction of the State of Wyoming.

IV. Operator hereby fully consents and agrees that any of the following shall not

1. Any renewals, amendments, modifications or riders to the terms of the self bond, number SBNC-048, including increases or decreases in the dollar amount of the bond, or the lands to which it applies, in accordance with the requirements of the Environmental Quality Act and the rules and regulations promulgated thereunder.

2. Any extension of time for performance of the whole or any part of the conditions of the self bond, number SBNC-048.

3. Any changes, amendments, or modifications to the terms of the license, number SRD including the mining and reclamation plans contained therein.

4. The acceptance by the State of Wyoming of any collateral of any kind to further secure the self bond number SBNC-048.

V. If in the Department's opinion Operator has violated the Wyoming Environmental Quality Act as it applies to the mining operations under said Research & Development License No. SRD, the Department may institute bond forfeiture proceedings against Operator in accordance with the forfeiture proceedings set forth in the Wyoming Environmental Quality Act, W.S. 35-11-421, as amended (1981).

In the event an order of forfeiture is entered by the Wyoming Environmental Quality Council against Operator as a result of such bond forfeiture proceedings requiring the forfeiture of all or any part of the self-bond, the Department may mail to Operator written demand for payment of the amount of the self-bond which was so ordered forfeited and Operator shall pay such amount in full to the Department, in immediately available federal funds, within three (3) business days after receipt of such demand. Payment to the Department shall be made to such bank account as the Department shall specify in the demand notice to Operator. If any such order is vacated, reversed, or otherwise made unenforceable by court or administrative agency of competent jurisdiction, any amount previously paid to the Department by operator hereunder shall be refunded to Operator in full within three (3) business days after receipt by the Department of a certified copy of the ruling, order or other action by such court or administrative agency. Any refund to Operator by the Department shall be in immediately available federal funds and shall be made to such bank account as Operator may specify in writing to the Department.

VI. In the event the Department initiates, pursues or is brought into litigation, as a result of attempts to enforce bonding requirements, the Operator agrees to pay all litigation costs incurred by the State in any successful effort to enforce this agreement against the Operator with respect to the operation or activity for which this agreement is made. This agreement pertains to all costs reasonably connected to the litigation costs and all administrative costs reasonably incurred in the course of enforcing or in preparation to enforce the rules and regulations for self-bonding against the Operator with respect to the operation or activity for which this agreement is made. Liability for payment of litigation costs shall not be limited by the principal amount of the Operator's self bond. Operator agrees that vouchers or other proper evidence showing payment shall be conclusive evidence of the fact and amount of liability of such costs.

VII. This agreement shall be deemed terminated in whole or in part; (a) when and as the Department certifies in writing to the Operator that Operator has successfully completed as required by the Environmental Quality Act the mining and reclamation activities pursuant to Research & Development No. SRD, for which this agreement is posted; or (b) when and as the Department certifies in writing to the Operator that the Operator has provided an acceptable corporate surety bond, letter of credit or other security complying with W.S. 35-11-418 in substitution for this agreement; or (c) when the Department otherwise authorizes release of this agreement in whole or in part to the Operator pursuant to the Environmental Quality Act and the rules and regulations promulgated thereunder.

Operator shall have the right at any time to post a corporate surety bond, letter of credit or other securities complying with W.S. 35-11-418 with the Department in substitution for and release of all or part of this agreement. Operator shall notify the Department in writing of any such substitution, and the Department shall notify the Operator in writing of the acceptability of any such substitution. Said substitution shall not be valid and effective until the Department certifies in writing as such.

VIII. There are no conditions or limitations to this indemnity agreement except those contained herein at the date hereof, and thereafter no alteration, change or modification hereof shall be binding or effective unless executed in writing, signed by the Operator, and approved by the administrator of the Land Quality Division.

IX. Operator agrees to pay all costs and expenses incurred by the Department which are expended in any successful action instituted to enforce the terms of this indemnity agreement.

X. This indemnity agreement shall be good and effective notwithstanding any change or changes in the business name of the Operator.



XIX. EXECUTION BY GUARANTORS:

GUARANTOR \_\_\_\_\_  
BY: \_\_\_\_\_  
BY: \_\_\_\_\_

ATTEST:

THE STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

**COPY**

The foregoing instrument was acknowledged, subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

NOTARY PUBLIC \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

XX. CORPORATE ACKNOWLEDGEMENTS:

Attached and incorporated herein as Exhibit B.

XXI. APPROVED AS TO FORM AND EXECUTION:

Joseph B. Meyer BY: [Signature] Date December 12, 1987  
Attorney General Assistant Attorney General

XXII. EXECUTION BY THE DEPARTMENT

The foregoing instrument was acknowledged, subscribed and sworn to before me this 14 day of December, 1987.

STATE OF WYOMING  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
BY: [Signature]  
Director  
BY: [Signature]  
Administrator

THE STATE OF \_\_\_\_\_ )  
COUNTY OF LARAMIE )

The foregoing instrument was acknowledged, subscribed and sworn to before me this 14<sup>th</sup> day of December, 1987.

Witness my hand and official seal.

[Signature]  
NOTARY PUBLIC \_\_\_\_\_

My Commission Expires: 6/27/91



CERTIFICATE

COPY

I, JACK MORRISON, hereby certify that I am the duly elected, qualified and acting Assistant Secretary of Rio Algom Mining Corp., a Delaware corporation.

I further certify that Robert P. Luke is the duly elected and qualified President of the Corporation and that Marvin D. Freeman is the duly elected Vice-President of the Corporation and each is fully empowered to execute for and on behalf of the Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation the 20th day of October, 1989.

*Jack R. Morrison*

Jack Morrison

Assistant Secretary

