

Rio Algom Mining Corp.

December 18, 1990

Mr. Ramon Hall
Nuclear Regulatory Commission
Region IV
Uranium Recovery Field Office
P. O. Box 25325
Denver, Co. 80225-0325

Re: Parent Company Guarantee
NRC Docket No. 40-8905

Dear Mr. Hall:

I am the chief financial officer of Rio Algom Mining Corp. (Rio Algom), 6305 Waterford Boulevard, Suite 325, Oklahoma City, Oklahoma, 73118, a Delaware Corporation. This letter is in support of Rio Algom's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 40, Appendix A.

Rio Algom guarantees, through the parent guarantee submitted to demonstrate compliance under 10 CFR Part 40, Appendix A, the decommissioning of the following facility owned by its subsidiary, Quivira Mining Company. The current cost estimate for the reclamation, decommissioning, and long-term surveillance and control of the facility is as follows:

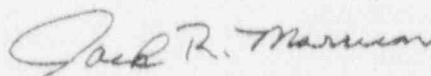
<u>NAME OF FACILITY</u>	<u>LOCATION OF FACILITY</u>	<u>CURRENT COST ESTIMATE</u>
Quivira Mining Company Ambrosia Lake Facility NRC License SUA-1473 Docket No. 40-8905	In McKinley County Near Grants, NM.	\$18.25 million (License Condition 22)

Rio Algom is not required to file a Form 10K with the Securities and Exchange Commission for the latest fiscal year.

The fiscal year of Rio Algom ends on December 31. The figures for the items marked with an asterisk on the attached Alternative I summary are derived from Rio Algom's independently audited, year-end financial statements and footnotes for the fiscal year that ended December 31, 1989.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Sincerely,



Jack R. Morrison
Controller & Assistant Secretary

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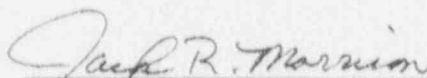
RIO ALGOM MINING CORP.
 PAREN' COMPANY GUARANTEE
 FOR
 QUIVIRA MINING COMPANY

ALTERNATIVE I

1.	Decommissioning, reclamation, and long-term surveillance and control cost estimate for the facility License Number SUA-1473.	<u>\$ 18,250,000</u>	
2.*	Total Liabilities [amounts for decommissioning, reclamation, long-term surveillance and control deducted and added to Lines 3 and 4 per NRC instructions]	<u>\$ 3,302,777</u>	
3.*	Tangible Net Worth	<u>\$ 38,229,132</u>	
4.*	Net Worth	<u>\$ 57,906,570</u>	
5.*	Current Assets	<u>\$ 40,615,908</u>	
6.*	Current Liabilities	<u>\$ 2,563,658</u>	
7.*	Net Working Capital [line 5 minus line 6]	<u>\$ 38,052,250</u>	
8.*	The sum of net income plus depreciation, depletion, and amortization	<u>\$ 6,473,609</u>	
9.*	Total assets in U.S.	<u>\$ 70,031,909</u>	
		<u>YES</u>	<u>NO</u>
10.	Is line 3 at least \$10 million?	X	
11.	Is line 3 at least 6 times line 1?		X
12.	Is line 7 at least 6 times line 1?		X
13.	Are at least 90 percent of the firm's assets located in the U.S.? If not, complete line 14.	X	
14.	Is line 9 at least 6 times line 1?	N/A	N/A
15.	Is line 2 divided by line 4 less than 2.0?	X	
16.	Is line 8 divided by line 2 greater than 0.1?	X	
17.	Is line 5 divided by line 6 greater than 1.5?	X	

* Denotes figures derived from audited financial statements.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.



JACK R. MORRISON
 Controller & Assistant Secretary
 December 18, 1990