

Rio Algom Limited

June 1, 1992

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

Dear Mr. Hall:

Re: Chief Financial Officer Letter
Parent Company Guarantee
NRC Docket No. 40-8905

I am the chief financial officer of Rio Algom Limited (Rio Algom), 120 Adelaide Street West, Suite 2600, Toronto, Ontario M5H 1W5, CANADA, an Ontario 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 required to file a Form 40-F 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, 1991.

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

Sincerely,


Michael S. Parrett
Vice-President and
Chief Financial Officer

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PDR ADOCK 04008905
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MSP/ph
attachment

RIO ALGOM LIMITED
PARENT COMPANY GUARANTEE
FOR
QUIVIRA MINING COMPANY


ALTERNATIVE I

		Millions of Dollars	
		CDN \$'s	U.S. \$'s ⁽¹⁾
1.	Decommissioning cost estimate per License SUA-1473, Condition 22.	\$ 21.1	\$ 18.25
2.	Total Liabilities	\$ 959 ^(*)	\$ 830
3.	Tangible Net Worth (excluding Rio Algom Mining Corp. and its subsidiary, Quivira Mining Company, at cost)	\$ 547	\$ 473
4.	Net Worth	\$ 632 ^(*)	\$ 547
5.	Current Assets	\$ 616 ^(*)	\$ 533
6.	Current Liabilities	\$ 216 ^(*)	\$ 187
7.	Net Working Capital [line 5 minus line 6]	\$ 400	\$ 346
8.	Net income (from continuing operations) plus depreciation and amortization	\$ 90 ^(*)	\$ 78
9.	Total assets in U.S.	\$ 239	\$ 206
		YES	NO
10.	Is line 3 at least \$20 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?	X	
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 statement.

⁽¹⁾ Year end exchange rate of \$0.8654.

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


MICHAEL S. PARRETT
Vice-President and
Chief Financial Officer
June 1, 1992