

# OGLE PETROLEUM INC. OF CALIFORNIA

40-8745

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RETURN ORIGINAL TO PDR, HQ.  
2510 EAST 15TH STREET, SUITE #8  
CASPER, WYOMING 82609

Western Fuel, Inc.  
P. O. Box 32307  
Charlotte, NC 28232

Attention: W. T. Robertson, Jr.  
President

Dear Tom:

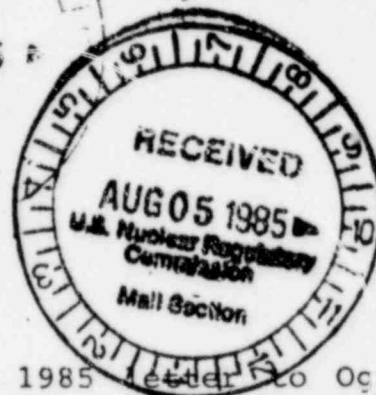
This is in response to your July 1, 1985 letter to Ogle Resources Inc. (ORI) and Ogle Petroleum Inc. (OPI) to the attention of Dr. Burdette A. Ogle, a copy of which was sent to me as Chairman of the Board of Ogle Petroleum Inc. of California (OPIC).

It is not surprising to hear Western's position that it cannot "ascertain how Ogle Petroleum Inc., a Colorado corporation, was reorganized" since it wasn't reorganized - it was liquidated. It is most surprising, however, that Western cannot ascertain how Ogle Petroleum Inc. of Delaware (OPID) assumed the obligations of Ogle Petroleum Inc., the Colorado corporation, under the Permit and License to Mine issued by the Wyoming Department of Environmental Quality and in particular that you do not understand that such responsibilities were assumed by OPIC in 1981, a company with whom you have done business for four years. The transactions have been explained to you and your personnel on several occasions and documents substantiating the transactions have been turned over to the Wyoming Department of Environmental Quality (DEQ). There has been no "charade", as you allege, to keep the DEQ or NRC ignorant of the facts involving these transactions. So, too, Western was informed of the assignment of the Wyoming mineral interests of OPID to OPIC in 1981 and Western chose to deal with OPIC from that period forward. Should Western truly not yet be able to understand the transfers of the Wyoming mining interests between various companies whose names begin with "Ogle", we will again supply you with the background documentation regarding the transfers.

OPIC is now in the process of preparing an Application for a formal Transfer of the License to Mine to OPIC. This application is being prepared at the specific request of the Wyoming Department of Environmental Quality (DEQ) so that the paperwork will reflect the situation that has been in existence over the last four years. It is OPIC's understanding that the DEQ has requested that Western Fuel also become a licensee and that consequently OPIC and Western will both be licensees under a dual-license



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program. This sensible program reflects the factual situation and I urge Western to cooperate with the DEQ request.

The following comments are to your points raised on page 2 of your July 1, 1985 letter, which you indicated Western is "prepared to suggest" (proposes) as an interim arrangement.

OPIC is agreeable to any reduced monitoring program acceptable to both the DEQ and NRC that provides adequate safety. It is hard to believe your allegation that there is any overstaffing or charge of excessive overhead fee by OPI. As you must know, as Glenn Catchpole and I have brought it to your attention numerous times, that the staff maintaining the facility must be qualified and meet those certain required tests mandated by government regulations. Your suggestion of a \$20,000-per-month budget funded by Western for six months to perform these functions is appropriate except for Western's insistence that OPIC remains as operator of the mine. Based upon financing and activities to be undertaken by Western, it is apparent Western should assume the operatorship.

Western suggests hiring a consultant to prepare a final reclamation-restoration plan. OPIC has no objection; however, it should be at Western's sole cost and expense and any plan developed should have OPIC approval and should be submitted to the appropriate government agencies as a plan of the Joint Venture, i.e., not the plan of OPIC or the plan of Western. It should also be pointed out that the DEQ has already accepted and approved a final reclamation and restoration plan in their issuance of the original Permit to Mine. Likewise, the NRC has approved the general reclamation and restoration plan as published in the Final Environmental Statement. It is true that at some point the NRC will require the submittal of a detailed reclamation and restoration (decommissioning) plan but that plan will only be a more comprehensive treatment of the general plan already approved by both the NRC and DEQ. It is our suggestion that if a new plan or a revision to the published plan is to be made at this time, it could best be made by Glenn Catchpole and his present staff.

OPIC once again informs you that it is incapable of meeting its financial commitments and finds no way, therefore, to come to "grips" with being able to guarantee its continued existence much less serve as operator. OPIC has now borrowed approximately \$650,000 from OPI in an effort to maintain the mining facility in an acceptable standard for sale and for safety. OPIC has no way of repaying this money to OPI, who has informed OPIC that OPI's lending commitments preclude further advances of any significance.

In conclusion, please consider these factors: (1) Western is prepared to assume responsibility for preparation of a final reclamation-restoration plan and to negotiate the same with NRC

and DEQ, (2) Western accuses Ogle companies of excessive overhead, overstaffing, and excessive accounting fees charged to the Joint Venture, and (3) Western implies disposition of Joint Venture equipment without permission. It would appear that OPIC as operator does not please Western and that Western intends to preempt its functions for the suggested shut-down phase. It seems appropriate, as your letter implies, that Western should assume the operatorship at this time.

I urge that a spirit of cooperation exist to try to fulfill the joint venture responsibilities.

Sincerely,

OGLE PETROLEUM INC. OF CALIFORNIA

  
William R. Merrill  
Chairman of the Board

WRM/cm

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