

DECONCINI McDONALD YETWIN & LACY

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

JOHN C. LACY  
jlacy@dmyl.com

2525 EAST BROADWAY BOULEVARD • SUITE 200  
TUCSON, ARIZONA 85716-5300  
520) 322-5000 • (520) 322-5585 (Fax)  
[WWW.DECONCINIMCDONALD.COM](http://WWW.DECONCINIMCDONALD.COM)

February 25, 2010

**Via Certified Mail - Return Receipt Requested**

Ms. Nancy Rumrill  
Environmental Protection Agency  
Region IX  
75 Hawthorne Street  
San Francisco, CA 94105

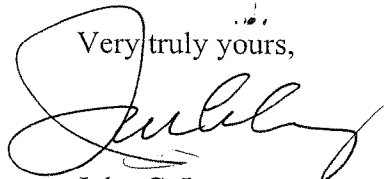
RE: Underground Injection Control Permit No. AZ39600001

Dear Mr. Rumrill:

Enclosed for filing with your office is a Letter of Notification Regarding Transfer of Underground Injection Control Permit No. AZ396000001 from Florence Copper Inc. to U1 Resources Inc., an Agreement between Florence Copper Inc. and U1 Resources Inc. and an Application for Transfer Permit No. AZ396000001.

Please feel free to contact me with any question or concerns.

Very truly yours,



John C. Lacy

rb

c. w/enc. Xenia Kritsos (via email)

\\FILES\DOCS\HUNT20\281243\LTR\JT5028.DOC

Tucson

Phoenix

Flagstaff

Scottsdale

Alexandria, VA

February 25, 2010  
Via Certified Mail No.:

Ms. Nancy Rumrill  
U.S. Environmental Protection Agency  
Region IX  
75 Hawthorne Street  
San Francisco, California 94105

Subject: **Notification Regarding Transfer of Underground Injection Control Permit  
No. AZ396000001 from Florence Copper, Inc. to U1 Resources Inc.**

Dear Ms. Rumrill:

The purpose of this letter is to notify you, in accordance with the requirements of Title 40 Code of Federal Regulations §144.38, that U1 Resources Inc. (U1 Resources) is purchasing the Florence Copper mine site owned by Florence Copper, Inc. (Florence Copper), including all facilities, wells, water rights and mineral rights. A date of the proposed transfer of permit responsibility, coverage, and liability associated with Underground Injection Control (UIC) Permit No. AZ396000001 has been established as shown in the attached Agreement between Florence Copper and U1 Resources.

As indicated in the attached Agreement, U1 Resources has agreed to update the closure cost estimate for the existing facilities at the Florence Copper mine site and establish an appropriate financial assurance mechanism in accordance with 40 CFR 144.52(a)(7). Financial assurance was established by Florence Copper in the form of a trust fund and a standby letter of credit prior to the transfers of Aquifer Protection Permit (APP) No. 101704 and UIC Permit No. AZ396000001 from BHP Copper, Inc. to Florence Copper in December 2001. The letter of credit was for \$1,066,000 and named the Arizona Department of Environmental Quality (ADEQ) as beneficiary. Due to bankruptcy, the trust fund was activated and, to the best of my knowledge, the \$1,066,000 was transferred to ADEQ and is available for closure of the permitted facility until such time as U1 Resources establishes its financial assurance for closure.

Sincerely,



---

W. Harrison Merrill  
President  
Florence Copper, Inc.

Attachments:

Agreement between U1 Resources and Florence Copper, Inc. dated February 18, 2010

## AGREEMENT

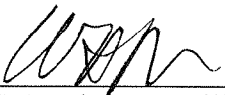
U1 Resources Inc. (U1 Resources) hereby agrees to accept permit responsibility, coverage, and liability associated with Permit No. AZ 396000001 (Permit) on the later of (i) the date that the State Land Commissioner assigns Lease No. 11-26500 to U1 Resources; and (ii) April 5, 2010.

U1 Resources also agrees to provide United States Environmental Protection Agency (USEPA) and Arizona Department of Environmental Quality (ADEQ) with an updated closure cost estimate in order to account for inflation since 2001, and to provide appropriate financial assurance for the updated closure cost. Any funds held at the date hereof by the ADEQ as financial assurance for closure costs, are held for the benefit of Florence Copper, Inc. (Florence Copper) and Florence Copper may claim repayment of such funds after transfer of the Permit to U1 Resources.

U1 Resources further agrees to notify USEPA at least 30 days prior to any expansion of the existing facilities or the construction of any additional injection wells. At the time the notice is submitted, U1 Resources will provide USEPA with a revised cost estimate to cover the increased closure and post-closure costs associated with the expansion of facilities and/or increase in the number of wells. Prior to the construction of new wells and facilities, U1 Resources' financial assurance will be increased accordingly to cover any additional closure or post-closure costs.

Dated: February 18, 2010

By: \_\_\_\_\_  
Marchand Snyman, Director  
U1 RESOURCES INC.

By:  \_\_\_\_\_  
W. Harrison Merrill, President  
FLORENCE COPPER, INC.


## AGREEMENT

U1 Resources Inc. (U1 Resources) hereby agrees to accept permit responsibility, coverage, and liability associated with Permit No. AZ 396000001 (Permit) on the later of (i) the date that the State Land Commissioner assigns Lease No. 11-26500 to U1 Resources; and (ii) April 5, 2010.

U1 Resources also agrees to provide United States Environmental Protection Agency (USEPA) and Arizona Department of Environmental Quality (ADEQ) with an updated closure cost estimate in order to account for inflation since 2001, and to provide appropriate financial assurance for the updated closure cost. Any funds held at the date hereof by the ADEQ as financial assurance for closure costs, are held for the benefit of Florence Copper, Inc. (Florence Copper) and Florence Copper may claim repayment of such funds after transfer of the Permit to U1 Resources.

U1 Resources further agrees to notify USEPA at least 30 days prior to any expansion of the existing facilities or the construction of any additional injection wells. At the time the notice is submitted, U1 Resources will provide USEPA with a revised cost estimate to cover the increased closure and post-closure costs associated with the expansion of facilities and/or increase in the number of wells. Prior to the construction of new wells and facilities, U1 Resources' financial assurance will be increased accordingly to cover any additional closure or post-closure costs.

Dated: February 18, 2010

By:   
Marchand Snyman, Director  
U1 RESOURCES INC.

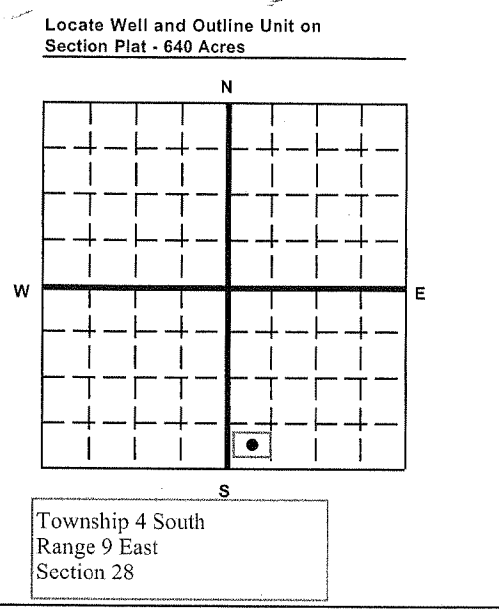
By: \_\_\_\_\_  
W. Harrison Merrill, President  
FLORENCE COPPER, INC.



United States Environmental Protection Agency  
Washington, DC 20460

### Application To Transfer Permit

<b>Name and Address of Existing Permittee</b> Florence Copper Inc. 975 Johnson Ferry Road, Suite 450, Atlanta, GA 30339	<b>Name and Address of Surface Owner</b> Florence Copper Inc. 975 Johnson Ferry Road, Suite 450, Atlanta, GA 30339
---	--



<b>State</b> Arizona	<b>County</b> Pinal	<b>Permit Number</b> AZ396000001
-------------------------	------------------------	-------------------------------------

**Surface Location Description**  
 SW 1/4 of SW 1/4 of SW 1/4 of SE 1/4 of Section 28 Township 4S Range 9E

Locate well in two directions from nearest lines of quarter section and drilling unit

**Surface**  
 Location 300 ft. frm (N/S) S Line of quarter section  
 and 3000 ft. from (E/W) W Line of quarter section.

Well Activity	Well Status	Type of Permit
<input type="checkbox"/> Class I	<input checked="" type="checkbox"/> Operating	<input type="checkbox"/> Individual
<input type="checkbox"/> Class II	<input type="checkbox"/> Modification/Conversion	<input checked="" type="checkbox"/> Area
<input type="checkbox"/> Brine Disposal	<input checked="" type="checkbox"/> Proposed	Number of Wells <input type="text"/>
<input type="checkbox"/> Enhanced Recovery	Up to 3,000 wells proposed in T4S, R9E, Section 28 and portions of adjoining sections	
<input type="checkbox"/> Hydrocarbon Storage		
<input checked="" type="checkbox"/> Class III		
<input type="checkbox"/> Other		
Lease Number <input type="text"/>	Well Number <input type="text"/>	See attached list for existing wells

<b>Name(s) and Address(es) of New Owner(s)</b> U1 Resources, Inc. 14605 Hunt Highway, Florence, Arizona, 85232	<b>Name and Address of New Operator</b> U1 Resources, Inc. 14605 Hunt Highway, Florence, Arizona, 85232
--	---

*Attach to this application a written agreement between the existing and new permittee containing a specific date for transfer of permit responsibility, coverage, and liability between them.*

*The new permittee must show evidence of financial responsibility by the submission of a surety bond, or other adequate assurance, such as financial statements or other materials acceptable to the Director.*

#### Certification

I certify under the penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. (Ref. 40 CFR 144.32)

<b>Name and Official Title (Please type or print)</b> Marchand Snyman, Director	<b>Signature</b> 	<b>Date Signed</b> 23/2/2010
--	----------------------	---------------------------------



United States Environmental Protection Agency  
Washington, DC 20460

**Application To Transfer Permit**

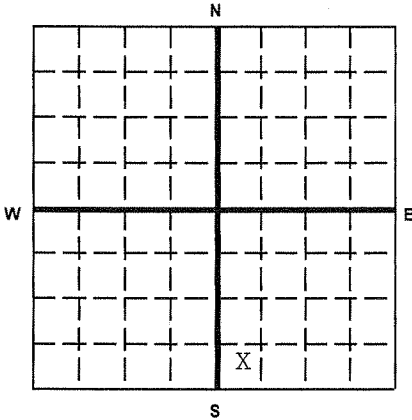
Name and Address of Existing Permittee

Florence Copper, Inc

Name and Address of Surface Owner

Florence Copper Inc.  
975 Johnson Ferry Rd., Ste. 450, Atlanta  
GA 30339

Locate Well and Outline Unit on  
Section Plat - 640 Acres



State  
Arizona

County  
Pinal

Permit Number  
AZ396000001

Surface Location Description

SW 1/4 of SW 1/4 of SE 1/4 of 1/4 of Section 28 Township 4S Range 9E

Locate well in two directions from nearest lines of quarter section and drilling unit

Surface

Location 300 ft. frm (N/S) S Line of quarter section  
and 300 ft. from (E/W) W Line of quarter section.

Well Activity

- Class I
- Class II
  - Brine Disposal
  - Enhanced Recovery
  - Hydrocarbon Storage
- Class III
- Other

Well Status

- Operating
- Modification/Conversion
- Proposed

Type of Permit

- Individual
- Area
- Number of Wells

Up to 3,000 wells proposed in  
T4S, R9E, Section 28 and portions  
of adjoining sections

Lease Number

Well Number

See attached list  
for existing wells

Name(s) and Address(es) of New Owner(s)

UI Resources Inc.  
14605 Hunt Hwy., Florence AZ 85232

Name and Address of New Operator

UI Resources Inc.  
14605 Hunt Hwy., Florence AZ 85232

*Attach to this application a written agreement between the existing and new permittee containing a specific date for transfer of permit responsibility, coverage, and liability between them.*

*The new permittee must show evidence of financial responsibility by the submission of a surety bond, or other adequate assurance, such as financial statements or other materials acceptable to the Director.*

**Certification**

I certify under the penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. (Ref. 40 CFR 144.32)

Name and Official Title (Please type or print)

W. HARRISON MERRILL, PRESIDENT

Signature

Date Signed

2/17/2010

BHP Copper, Inc.  
Florence Copper Project  
Location of Existing Class III Wells

All Wells Located in the Southwest Quarter of the Southwest Quarter of the Southeast Quarter of Section 28  
Range 9 East, Township 4 South, Pinal County, Arizona

Well Identity	State Coordinate System Northing	State Coordinate System Easting	ADWR Identity Number
BHP-1	649371.54	744922.98	55-562121
BHP-2	649423.3	744873.9	55-562121
BHP-3	649419.51	744975.74	55-562121
BHP-4	649320.31	744975.93	55-562121
BHP-5	649311.97	744877.17	55-562121
BHP-6	649421	744923	55-562121
BHP-7	649371	744976	55-562121
BHP-8	649321	744923	55-562121
BHP-9	649371	744874	55-562121
BHP-10	649471	744923	55-562121
BHP-11	649371	745026	55-562121
BHP-12	649271	744923	55-562121
BHP-13	649371	744824	55-562121
OWB-1	649471	744976	55-562121
OWB-3	649271	744976	55-562121
OWB-4	649271	744874	55-562121
OWB-5	649321	744824	55-562121