

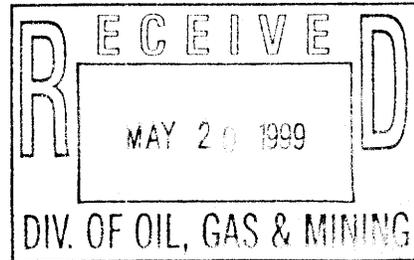
0039



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501



3486
UTU-74804
(UT-070)

Certified Mail--Return Receipt Requested
Certificate No. P 299 520 581

Denise Dragoo
Resident Agent, Horizon Mining, LLC
Snell & Wilmer, L.L.P.
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

MAY 18 1999

ACT 1007/020

Re: Non-Payment of Royalties, Federal Coal Lease UTU-74804, Horizon Mining, LLC, Lessee

Notice of Noncompliance

2
Copy Mary Ann
of Park
Denise
Special
for
routing.
(2-sided)

The Minerals Management Service (MMS) notified this office on April 19, 1999, that royalty payments for reported production on Federal coal lease UTU-74804 at the Horizon Mine has not been paid. This is in violation of Section 2 (a) of the lease terms and conditions which states "the royalty shall be 8 percent of the value of the coal as set forth in the regulations. Royalties are due to lessor the final day of the month succeeding the calendar month in which the royalty obligations accrues." The BLM is issuing this notice to the operator/lessee to bring the lessee into compliance with the lease terms and conditions for the lease. Authority for the issuance of this notice is found at 43 CFR 3486.3 (a), regulations governing Federal coal lease operations under the Mineral Leasing Act of 1920 as amended.

To correct this violation, Horizon must pay all due royalty payments to MMS in 30 days and provide this office with copies for proof of payment. Remittance must be made payable to Department of Interior - MMS for the amount of \$42,400.29 (as of April 30, 1999) and sent to the address below.

Minerals Management Service
Royalty Management Program
P. O. Box 5810
Denver, Colorado 80217-5810

Failure to comply without just cause may result in further action required by law which can include cessation of operations, lease bond forfeiture, and /or initiation of lease cancellation proceedings.

Should you disagree with payment records or amount of royalty owed, please contact this office and MMS with such evidence to show error with the payment record. You also have the right to appeal this notice, in part or full, to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 43 CFR Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 calendar days following the expiration of the compliance period. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (request) pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay (suspension) of the effectiveness of this decision during the time that you appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if a stay is granted or denied;
- (2) The likelihood of the appellant's success on the merit;
- (3) The likelihood of the immediate and irreparable harm if the stay is not granted; and
- (4) Whether the public interest favors granting the stay.



Richard Manus
Field Manager

Enclosure
Form 1842-1

cc: State Office, Utah (UT-921) (w/o encl.)
Washington Office, (WO-320) (w/o encl.)
Attn: Phil Allard
1849 C Street NW, MS-501LS
Washington, DC 20240
Horizon Mining, LLC (w/o encl.)
P. O. Box 599
Helper, Utah 84526
MMS - Royalty Valuation Division (w/o encl.)
P. O. Box 25165, Mail Stop 3150
Denver, Colorado 80225
Utah Division of Oil Gas and Mining (w/o encl.)
P. O. Box 145801
Salt Lake City, Utah 84114-5801

UNITED STATES POSTAL SERVICE



Official Business

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE \$300



Print your name, address and ZIP Code here

Tiffini Moss
Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801



TM DOGM 4 8/99 ACT 007 020 C 99-26-1-1 Folder #5

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Denise Drago
Horizon Mining, LLC
111 East Broadway, Suite 900
SLC, UT 84111

4a. Article Number
Z 382 129 119

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
MAY 24 1999

5. Signature (Addressee)
J. Nielsen

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

Is your RETURN ADDRESS completed on the reverse side?

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 **DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service

Z 382 129 119

Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to: Denise Drago - Horizon
111 East Broadway, Suite 900
SLC, UT 84111

Postage	\$.33
Certified Fee	1.45
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.20
Return Receipt Showing to Whom, Date, and Agent's Address	
TOTAL Postage & Fees	2.98
Postmark or Label	

PS Form 3800, March 1999

TM DOGM 4 8/99 ACT 007 020 C 99-26-1-1 Folder #5

