



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 8, 1999

Denise Dragoo, Resident Agent
Horizon Mining, LLC
c/o Snell & Wilmer
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

Re: Results of June 4, 1999 Meeting (Submittal of Federal Lease UTU-74804), Horizon Mining, LLC, Horizon Mine, ACT/007/020, File #3, Carbon County, Utah

Dear Ms. Dragoo:

This letter is to set forth the results of the meeting on Friday, June 4, 1999, which was held between representatives from UDOGM and Mark Wayment, Layne Jensen, Rich White, and Vicky Miller, the latter three of EarthFax. At the meeting, four sets of three volumes of the proposed Horizon Mining and Reclamation Plan were presented by EarthFax and Mr. Wayment. The stated objective of the submittal of the four sets were: 1) to submit the federal lease as a revision to the permit, 2) to respond to Division Order 99B, and 3) to reorganize the existing permit. After reviewing the new submittal and discussing with Division staff, these five Division decisions were presented to EarthFax and Mr. Wayment:

- 1) The Division modified Cessation Order C99-26-1-1 by deleting Part 3 of the affirmative obligations, that required mining plan approval for the federal lease.
- 2) The Division terminated Cessation Order C99-26-1-1 on the basis of "good faith" permitting efforts concerning the federal lease. By terminating the CO, the Division did not determine the revision package for the federal lease as administratively complete. Also upon termination of the CO, the Division wanted to make extremely clear that mining is not to take place in any part of the federal lease without all required state and federal permits.
- 3) The Division extended the deadline for Division Order 99B to June 18, 1999 to provide more time for completely responding to this Division Order.
- 4) The Division advised EarthFax and Mr. Wayment to take the entire federal lease revision package back and continue to work on it due to the large number of

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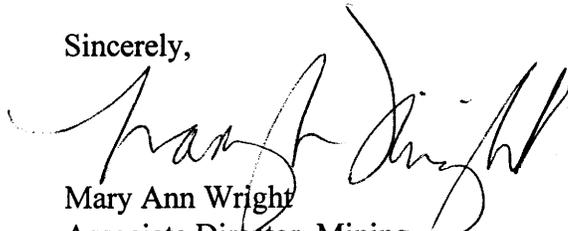
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technical deficiencies initially identified during the meeting. No documents were accepted or stamped in as received by the Division on June 4, 1999.

- 5) The Division noted that it will likely issue another Division Order which will require a summary of hydrologic and engineering data in relation to the area of the federal lease which was mined without a permit.

If you have any questions, please call.

Sincerely,



Mary Ann Wright
Associate Director, Mining

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cc:

Eberley Davis, Esq.
Steve Falk, BLM, Price
Layne Jensen, EarthFax
Larry Jones, Horizon Mining
Michael Malmquist, Esq.
Richard Manus, BLM, Price
Vicky Miller, EarthFax
Alan Rabinoff, BLM, State Office
Mark Wayment, White Oak Mining
Rich White, EarthFax

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