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United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
<http://www.blm.gov>



C/007/020 Incoming  
CC: Dana

IN REPLY REFER TO:  
3480  
UT (923)  
UTU-74804

JUL 21 2009

Certified Mail—Return Receipt Requested

Hidden Splendor Resources  
3266 South 125 West  
Price, UT 84501

Re: Non Payment of Royalties, Federal Coal Lease UTU-74804 for February through May 2009.

**NOTICE OF NONCOMPLIANCE**

The Bureau of Land Management (BLM) is issuing this Notice of Non-compliance to Hidden Splendor Resources (Lessee) for failure to comply with Section 2 (a) Production Royalties of the referenced Federal Leases. The Minerals Management Service has notified BLM of the non-payment according to the Table of Royalties Due found at Enclosure 1. Production royalties have not been paid to the Minerals Management Service for February through May 2009.

Requirements to Correct the Mining Plan Noncompliance:

Within 15 days of receipt of this letter, Hidden Splendor Resources must make written, certified contact the Mineral Management Service (MMS) in writing, at:

Solid Minerals & Geothermal Compliance Asset Management  
Attn: John J. Hovanec, Program Manager  
P.O. Box 25165, MS390B2  
Denver, Colorado 80225-0165  
303-231-3312.

This contact will be made to make arrangements for payment of the federal royalties owed. BLM must receive a copy of the certified letter to MMS from Hidden Splendor Resources within 30 days of receipt of this letter.

Compliance: Failure to comply with this Notice of Non-Compliance could result in further action by BLM and MMS which may include but not be limited to, an increase in the lease bond, lease bond forfeiture and/or lease cancellation proceedings.

JUL 22 2009

Appeal Rights:

You have 15 and 30 calendar days from the receipt of this notice to come into compliance. Following the compliance period, you then have 30 calendar days to appeal 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 within 30 calendar days following at the end 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 pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay 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 merits;
- (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.

If you have any questions, please contact either Stan Perkes (801-539-4036) myself at (801-539-4038).

**/s/J D McKenzie**

Jeff McKenzie  
Acting, Chief, Solid Minerals Branch

Encl.

- 1- Table of Royalties Due
- 2- Form 1842-1

cc: PFO w/o Encl.

Utah Division of Oil, Gas, and Mining (Attn. Daron Haddock), 1594 West North Temple, Suite 1210, Box 145801, Salt Lake City, UT 84114-5801, w/o Encl.

Files - UTU-74804  
Chron File

Royaltynonpayment07-20-09SP-SA

Enclosure 1

Table of Royalties Due

Lease/Date	Feb-09	Mar-09	Apr-09	May-09	Total
UTU 74804	\$35,372.14	\$48,803.19	\$70,629.50	\$35,433.66	\$190,238.49
Interest	included				\$1,077.84
Grand Total Owed					\$191,316.33