



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/ut/st/en.html>

C/007/020 Incoming
cc: Dana



MAR 10 2011

IN REPLY REFER TO:
3486 (UT-9223-rb)
UTU-74804

CERTIFIED MAIL—Return Receipt Requested 7009 1410 0001 9070 9493

Hidden Splendor Resources
57 West 200 South, Suite 400
Salt Lake City, UT 84101

RECEIVED

MAR 14 2011

NOTICE OF NONCOMPLIANCE

DEVELOPMENT, GAS & MINING

RE: Notice of Non-Compliance and potential forfeiture of Bond No. F18931

Gentlemen:

Pursuant to 43 CFR 3486.3(a), you are hereby served this Notice of Noncompliance (NONC) for failure to pay royalties due (\$438,446.42) to the Office of Natural Resources and Revenue (ONRR) for Federal Coal Lease UTU-74804 (ONRR Lease No. M73-074804-0). The lease is considered producing, and the subject coal is removed through the Horizon Mine (MSHA No. 04202074).

Within thirty (30) days of receipt of this NONC, Hidden Splendor Resources must pay all royalties due to the ONRR. Also, Hidden Splendor Resources must provide written confirmation to the undersigned, at the address shown above, confirming that all requirements have been met. Failure to comply with this NONC will result in the BLM initiating the forfeiture of Bond No. F18931 and undertaking any other appropriate action as necessary, including but not limited to cancellation of the lease.

Please be advised this is the second time in 9 months where Hidden Splendor Resources has failed to timely pay royalties due. Therefore, the BLM will re-evaluate Hidden Splendor Resource's bond to determine if the current bond amount of \$400,000 adequately protects the interest of the US Government in light of this pattern of noncompliance.

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 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 days from receipt of this decision. 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) (request) for a stay (suspension) of the effectiveness of this decision during the time that your 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 petition for a stay **must** also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed in this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

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 the stay is granted or denied,
- (2) The likelihood of the appellant's success on the merits,
- (3) The likelihood of 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 feel free to call me at (801) 539-4037.

/s/ Rorger L. Bankert

Roger L. Bankert
Chief, Branch of Fluid Minerals

Attachments

Memo from ONRR dated March 9, 2011

Cc:

Acstar Insurance Company
P. O. Box 2350
New Britain, Connecticut 06050-2350

DOGM
MSHA

Ms. Lee-Ann Martin--
Manager, SM&G Financial
Office of Natural Resources and Revenue
P.O. Box 25165
Denver, Colorado 80225-0165



United States Department of the Interior

OFFICE OF NATURAL RESOURCES REVENUE

P.O. Box 25165
Denver, Colorado 80225-0165

MAR - 9 2011

Memorandum

To: Chief, Branch of Solid Minerals
Bureau of Land Management, Utah State Office

From: Program Manager, Solid Minerals and Geothermal 

Subject: Notice of Noncompliance Requested for Hidden Splendor Resources (MA452)

This memorandum is a request for a Notice of Noncompliance (NONC) to be issued to Hidden Splendor Resources (Hidden Splendor). Hidden Splendor is the lessee of record for Federal Coal Lease UTU-74804 (MMS Lease No. M73-074804-0). The lease is in the Horizon Mine (MSHA No. 04202074) and is producing.

The Office of Natural Resources Revenue (ONRR) is hereby requesting that the Bureau of Land Management (BLM) issue a NONC to Hidden Splendor and that any associated production bond be released to ONRR to utilize toward the outstanding amounts owed. Any amounts remaining will be referred to the United States Department of the Treasury for collection.

Hidden Splendor has failed to remit royalty payments on current Production and Royalty Reports as indicated below:

ONRR Lease No.	Obligation	Sales Mo./Year	Royalty Due	Total Amount Due
M73-074804-0	PAR34179	September-10	\$85,864.90	\$85,864.90
M73-074804-0	PAR34365	October-10	\$75,127.17	\$75,127.17
M73-074804-0	PAR34500	November-10	\$50,861.42	\$50,861.42
M73-074804-0	PAR34688	December-10	\$67,134.01	\$67,134.01
M73-074804-0	PAR34892	January-10	\$81,124.34	\$81,124.34
M73-074804-0	INT100067327		\$491.57	\$491.57
M73-074804-0	PAR35051	February-10	\$77,843.01	\$77,843.01
Total Amount Due			\$438,446.42	\$438,446.42

If you have any questions regarding the content of this memorandum, please call Ms. Lee-Ann Martin, Manager, Solid Minerals and Geothermal Financial Team, at (303) 231-3313. For all other questions, please call Mr. John Hovanec of this office, at (303) 231-3312.

cc: Mr. Bill Buge
Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

State Director
Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155