

NORTH
AMERICAN
EQUITIES, Ltd.

Stamp in:
Copy to: Dianne

Joe
Sandy
Ron D.

Jill Brizine Cat #7
Blazon Acc/007/021

June 28, 1984

State of Utah Natural Resources & Energy
Department of Oil, Gas & Mining
4241 State Office Building
Salt Lake City, Utah 84114

RECEIVED

JUL 2 1984

Attention: Mr. Ron Daniels

DIVISION OF OIL
GAS & MINING

Dear Ron,

This letter is intended to develop a dialogue between our company and your agency regarding what we feel is an overzealousness in monitoring the Blazon mine.

The Blazon mining operation was shut down in the first quarter of 1982. Since that time we have been inspected numerous times and approximately 17 N.O.V.'s have been issued.

I would first acknowledge the following with respect to our operations:

1. We in the Denver office have no knowledge of nor prior experience in coal mining.
2. When we closed operations in 1982, the personnel employed by Mr. J. Harvey, the mining operator, who had coal mining knowledge and experience left when he did.
3. Our watchman who represents us locally now, can do no more than manual labor and needs explicit direction to remedy problems.
4. The distance between Denver and the mine site precludes us from sending a representative every time there is an inspection.

Having recognized and outlined our ignorance in these matters, I would like to address what I understand is D.O.G.M.'s concerns.

It seems based on my conversations with inspectors you are trying to protect the environment to the best interests of the local state and federal governments and following the guidelines prescribed for you. I do not believe anyone including mining owners/operators would take issue with these goals. There are however, a variety of methods, tones and attitudes which can come into play which may, under the guise of "doing the job" unfairly penalize the mine owners with little measurable benefit to the environment. One example would be drainage across a road bed into a stream. There is no traffic on the road (it hasn't been used for two years) but because water is running across the

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Mr. Ron Daniels

road into a stream, "we are contaminating the stream". There are entire mountains sliding into streams in Utah and as a practical matter, how can this be a significant environmental problem?

I would very much like to request a meeting with you at your convenience and further review the "reasonableness" of some of these claims. The inspector whom we have been dealing with has mentioned we are on a hit list and I feel anything we do to express our case results in closer scrutiny and more rigid enforcement. This seems to be the result of previous violations which has cast a cloud of deficiency on this operation. If there is indeed some overkill on behalf of this inspector, it perpetuates the problem. There is no doubt any inspector could go to the mine site and develop a long list of items for violations. I definitely feel the reasonableness of these would be highly questionable if reviewed objectively. The goal again is environmental protection. How could a mine site be in good order and a few months later with no activity on site be so completely deficient? We have asked for help in anticipating problems so we can do preventive maintenance. It seems we are always addressing problems after the fact since according to the inspector, there is "no provision for warnings". We are currently working on upgrading our mining permit to permanent status. Jim Smith and his group has pointed out the close O.S.M. scrutiny and that flexibility on requirements per regulation is quite difficult for the State. We recognize that and have done everything we could to be cooperative. His group has been very firm but also fair and reasonable. I do not get this same feeling from Sandy Pruitt at all. I also feel if this letter to you was known to her, the reaction would be vindictive.

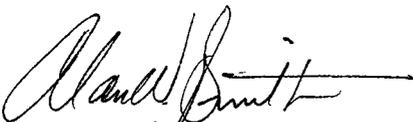
In this market it is hard enough to keep an operation going. It is much harder to take a failed mine and begin again.

My appeal is not immunity from our responsibilities at all but a more cooperative flexible attitude which accomplishes your objectives without unduly subjecting us to rigid overzealous interpretation of the regulations. In so many cases the cost to address these N.O.V.'s is quite high and negative environmental impact if it is real at all is minuscule.

I would like to know if there is a normal schedule for inspections, can an inspector access the area without consent and would it be so difficult to schedule the inspections through the Denver office? We would request to have a qualified experienced representative be on site for all future inspections.

Realizing your work load must be quite large we will do everything we can to address our mutual concerns.

Very best regards,



Alan W. Smith

President

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