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STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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April 9, 1985

Mr. Alan W. Smith
North American Equities NV
1401 17th Street, Suite 1510
Denver, Colorado 80202

Dear Mr. Smith:

RE: March 23, 1985 Letter, Blazon #1 Mine, ACT/007/021, #2,
Carbon County, Utah

The Division received your letter summarizing the meeting of March 13 on April 1, 1985. We appreciate your taking the time to meet and also to put together a summarization letter.

In general, the Division agrees with the summary of the meeting provided by North American Equities, NV (NAE). We certainly intend to work with NAE to the maximum extent possible within the framework of the law to expedite efficient and economical reclamation at the Blazon #1 Mine. However, there are a few points that the Division would like to elaborate on or clarify as follows.

NAE discusses Division approval of the reclamation plan in a joint meeting, then the letting of the contract for reclamation work. It must be emphasized that once the Division is satisfied with the reclamation plan as submitted, a final approval package consisting of a Final Technical Analysis and Decision Document must be written before a final approval for reclamation can be issued. It is estimated that this will take a minimum of four weeks. NAE should be aware of this in any dealings with prospective contractors. No reclamation work other than removal of structures, can take place without final approval of the reclamation plan.

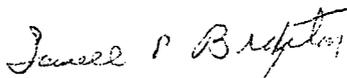
Despite NAE's contention that no additional bond will be required, the Division must follow the requirements of the regulations and established Division policy in determining bond amount. When a suitable reclamation plan has been submitted, the Division will recalculate the required bond amount and NAE may be required to post additional bond.

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Finally, in discussing water monitoring, the Division cannot release NAE from fulfilling the requirements of their approved monitoring plan until an alternate plan is approved. Therefore, NAE must continue to monitor as per the approved schedule until final approval for the reclamation plan is received, or alternately submit a proposed revision to the existing water monitoring plan for approval at this time. If NAE feels that the Notice of Violation received was unfairly written, a request for an assessment conference should be made.

I hope this clarifies the Division's position on these issues. We look forward to working with you to finalize the reclamation plan and to implement it this coming summer. Please feel free to contact me or Susan Linner if you have any concerns.

Sincerely,



Lowell P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program

SCL/btb
cc: A. Czarnowsky
R. Daniels
R. Harden
R. Summers
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