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MAY 21 1987DIVISION OF
OIL, GAS & MINING

May 19, 1987

L. P. Braxton
State of Utah
Natural Resources
355 W. North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180

Dear Mr. Braxton:

This is to follow-up our telephone conversation May 18, 1987 and your letter of May 8th.

First, I apologize again for the many missed telephone calls. I am traveling a lot lately and am extremely difficult to reach. Additionally, we are trying to finalize our 1987 reclamation plan and agreements with contractors so I will have something to report.

With regard to your letter, let me say that even though we have not completed the dirt work when we had hoped to, we have certainly made a lot of progress on reclamation. The equipment, conveyors, loadout bins, power stations, etc. have all been dismantled. This was a time consuming and expensive part of the total effort. All that is left is the dirt work and reseeding. That will be done in 1987 and it will be done by Jack Otani, the land owner. Per our discussion, there seems to be some mutually beneficial reasons why the transfer of this permit and obligation, along with the performance bond be transferred to Jack Otani.

North American Equities, Ltd. is interested in obtaining a complete release and would transfer the bond necessary to complete the work to Mr. Otani if the state would approve. Mr. Otani is also interested in this arrangement. You indicated you felt the state would not only probably approve of the transfer but would likely prefer it.

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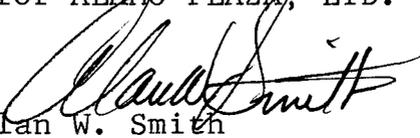
Mr. L. P. Braxton

May 19, 1987

Please provide me with the terms and conditions required by the state for this transfer and release so I may start to meet these requirements. It is obvious why we would request that you expedite this response as much as possible.

Best regards,

NORTH AMERICAN EQUITIES, LTD.
for ALAMO PLAZA, LTD.



Alan W. Smith
President

AWS/nb

cc: J. Otani