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File ACT/007/021 #2

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WILLIAM B. PRINCE

August 30, 1988

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DIVISION OF
OIL, GAS & MINING

Lowell P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program
State of Utah Natural Resources,
Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180

Re: North American Equities Blazon #1 Mine;
ACT/007/021

Dear Lowell:

This letter confirms our telephone conference today and my telephone conference yesterday with Randy Harden in which I reported the status of North American Equities' ("NAE") reclamation work at the Blazon No. 1 Mine pursuant to our agreement of August 24, 1988. I reported that NAE had a representative at the mine site on Monday, August 29, who spoke with Jack Otani concerning NAE's proposal to have engineers and contractors visit the site. With Mr. Otani's permission, NAE's representative replaced the lock on the access gate to the mine site with an NAE lock. A key to the lock was provided to Mr. Otani.

In addition, I have spoken with Duane Smith and Keith Chiara, Mr. Otani's attorneys, concerning NAE's activities to meet the Division's request to commence reclamation work. I have provided Mr. Smith with a photocopy of NAE's "Plan to Finalize Reclamation at the Blazon No. 1 Mine, August 22, 1988."

It is my understanding from our conversation that these activities constitutes start-up operations by NAE to meet the abatement requirements of NOV N88-13-2-1. If you have any additional questions concerning NAE's reclamation work, please contact me.

Very truly yours,

William B. Prince

jcw

cc: Alan W. Smith (NAE)
Jill Stahl (NAE)
Dan Keuscher (ACZ)