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William B. Prince

February 21, 1989

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OIL, GAS & MINING

Ms. Susan Lanier
Mineral Resource Development
and Reclamation Program
State of Utah Natural Resources,
Oil, Gas & Mining
355 West North Temple
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Salt Lake City, UT 84180

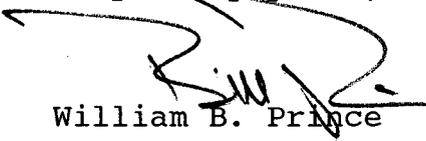
Re: Reclamation of Blazon No. 1 Mine; ACT/007/021;
Partial Release of Reclamation Bond

Dear Susan:

This letter confirms our telephone conference of Tuesday, February 14, 1989, concerning the status of the Division of Oil, Gas and Mining's review of NAE's Reclamation "As-Built" Report for the Blazon No. 1 Mine and NAE's request for partial release of the Blazon reclamation bond. In our telephone conversation you represented that the review of the As-Built Report was almost complete and that the DOGM would provide NAE with a written response summarizing its review on or before March 1, 1989. In addition, you restated the DOGM's position that NAE's reclamation bond could not be released prior to a final inspection of the Blazon No. 1 Mine site. You indicated that the DOGM would attempt to resolve all issues regarding NAE's As-Built Report in sufficient time to be prepared to conduct the on-site inspection at the earliest possible date, which you estimated would be sometime in May, 1989.

If this letter does not accurately summarize our conversation with respect to NAE's reclamation activities, please contact me at your earliest convenience.

Very truly yours,


William B. Prince

jcw

cc: Alan W. Smith (NAE)
Jill Stahl (NAE)