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Mime file 007/021 #2
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William B. Prince

January 18, 1989

HAND DELIVERED

Mr. L. P. Braxton, Administrator
Mineral Resource Development
and Reclamation Program
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
JAN 18 1989

DIVISION OF
OIL, GAS & MINING

Re: North American Equities - Blazon #1 Mine;
ACT/007/021 - Submission of As-Built Report
and Request for Bond Release

Dear Lowell:

Pursuant to the Reclamation Plan prepared and submitted by North American Equities, Ltd ("NAE") and approved by the Utah Division of Oil, Gas and Mining ("DOGM"), submitted herewith please find five copies of NAE's Reclamation As-Built Report for Blazon No. 1 Mine ("the "As-Built Report") prepared by Earthfax Engineering, Inc., Salt Lake City, Utah. Included with and made a part of the As-Built Report is NAE's response to DOGM's stipulation letter dated August 29, 1988. I am also submitting a separate letter dated today and addressing DOGM Stipulation No. UMC 817.53 relating to the transfer of the water well on the property.

Pursuant to UMC 800.40, NAE hereby formally resubmits its application for partial release of its reclamation performance bond posted in conjunction with the referenced underground coal mining permit. In support of its request, NAE represents that it has completed Phase I, completion of backfilling and regrading and drainage control of the bonded areas, in accordance with the approved reclamation plan.

Your November 30, 1988, letter to me responding to NAE's original request for release of bond indicated that in

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order to comply with the requirements for partial release NAE must first address all outstanding stipulations for the permit and submit any modifications or amendments to the Reclamation Plan as a result of field construction in conjunction with the as-built drawings. NAE has satisfied these conditions by submission of the As-Built Report.

Your November 30 letter also indicated that partial release of the bond is contingent upon a site inspection. NAE contends that this requirement is unnecessary, duplicative and unfair in the case of the Blazon No. 1 Mine. DOGM not only monitored the reclamation project through its regular monthly site visits but also assigned one of its local representatives to be on-site almost daily. In fact, NAE's engineer and contractor for the reclamation work commonly modified various aspects of the reclamation work consistent with DOGM's requests and sought DOGM approval of the various reclamation phases as they were completed. NAE undertook extensive efforts and made substantial financial expenditures to prepare the reclamation plan, secure bids and a contractor, and complete the reclamation work in 1988. I do not believe that it can be doubted that NAE showed good faith to meet DOGM's deadlines. It would now be unfair for DOGM to withhold consideration of partial release of the bond on the basis that additional inspections are required.

As required by the applicable regulations, NAE is prepared to provide notice to the following adjoining property owners, applicable local governmental bodies, planning agencies, sewage and water treatment authorities and water companies notifying them of its intention to seek release from the bond:

Kanawha & Hocking Coal and Coke
Jack Otani
Margie C. Jacob and Paul E. Jacob,
Trustees of The Milton E. Jacob Family trust
Calvin Jacob
Pleasant Grove Utah Stake
Pleasant Grove Utah East Stake
Paul J. Barton, Trustee or his Successors-in-Trust
as Trustees of The Paul J. Barton Family Trust
Agreement
Margie & Calvin Jacob
Calvin K. Jacob, Trustee of
The Calvin K. Jacob Family Trust
Rescue-Med, Inc.
Milton A. Oman, Trustee of The Milton A. Oman
Family Trust
Utah Power & Light Co.

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J. Mark and James C. Jacob
Price River Water Users Association
Price River Distribution System
Price Water Improvement District
Carbon County Commission
Carbon County Planning & Zoning Commission
Price City Council
Scofield City Council
Clear Creek City Council
Clear Creek Utilities

NAE is also preparing an advertisement that will run once a week for four successive weeks in the Sun Advocate notifying the public of NAE's application for partial bond release.

Absent your instruction to the contrary, NAE will proceed immediately to give notice to the required third parties and to commence the newspaper advertisement. Your prompt attention to this matter will be greatly appreciated. If you have any questions, please let me know.

Very truly yours,



William B. Prince

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Enclosures

cc: Alan W. Smith
Jill Stahl
Richard White