

Holme Roberts & Owen

Suite 4100
1700 Lincoln
Denver, Colorado 80203

Suite 400
102 North Cascade Avenue
Colorado Springs, Colorado 80903

Attorneys at Law

Suite 900
50 South Main Street
Salt Lake City, Utah 84144
Telephone (801) 521-5800

Denver Technological Center
Suite 900
8400 East Prentice Avenue
Englewood, Colorado 80111

Suite 400
1401 Pearl Street
Boulder, Colorado 80302

William B. Prince

January 17, 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 17 1989

DIVISION OF
OIL, GAS & MINING

Re: North American Equities - Blazon #1 Mine;
ACT/007/021 - Reclamation Stipulation
UMC 817.53 - (1)

Dear Lowell:

In accordance with your letter of August 29, 1988 setting forth the stipulations under which commencement of reclamation construction would be granted by the Division of Oil, Gas and Mining, North American Equities ("NAE") certifies that it has addressed the above stipulation and has completed all steps required by UMC 817.53 in order to fulfill its obligations to transfer the well located at the Blazon #1 Mine, together with the associated water rights, to Jack Otani. In furtherance of the foregoing, NAE confirms that it has completed the following steps and hereby encloses substantiating documentation:

1. By letter dated February 2, 1988 from Richard N. Stuckey, attorney for NAE, NAE transmitted to Ann O'Brien, Secretary of the Price River Water Users Association, Certificate No. 5401 for three shares in the Price River Water Users Association held by NAE and requested that said shares be reissued to Jack Otani.

2. By letter dated February 2, 1988 from Richard N. Stuckey, NAE transmitted to Bob Berger at the Utah Division of Water Rights, two executed assignment forms of Application No. 1669 assigning NAE's water rights under said Application to Jack Otani.

Mr. L. P. Braxton, Administrator
January 17, 1988
Page 2

3. Certificate 5410 for three shares in the Price River Water Users Association issued in the name of Jack Otani was returned to NAE by Ann O'Brien on February 4, 1988. Ms. O'Brien advised NAE that she had contacted Jack Otani who had told her to return the certificate to NAE and if Mr. Otani was supposed to have the certificate, NAE would mail it to him.

4. On December 2, 1988, Certificate 5410 was hand delivered to the office of Poole, Cannon & Smith, attorneys for Jack Otani.

Based on the foregoing, it is NAE's determination that it has addressed Stipulation UMC 817.53 and has complied with the requirements contained in UMC 817.53 pertaining to the well and associated water rights transfer requirements.

Notwithstanding NAE's actions, Mr. Otani has indicated to NAE that he refuses to accept responsibility for the well. NAE and Mr. Otani are currently parties to a lawsuit being prosecuted in the Seventh Judicial District Court in and for Carbon County in an attempt to resolve certain claims allegedly arising from the operation of the Blazon No. 1 Mine. NAE commits to address the status of the well through the eventual resolution of the Otani litigation, or in the alternative, to reclaim the well.

If you have any questions concerning this matter, please call.

Very truly yours,


William B. Prince

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