



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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September 17, 1990

Mr. Duane R. Smith, P.C.
Attorney At Law
310 South Main Street
Suite 1330
Salt Lake City, Utah 84101

Dear Mr. Smith:

Re: Transfer of Permit, North American Equities, Blazon #1 Mine,
ACT/007/021, Folder #2, Carbon County, Utah

In response to your inquiry regarding the possible transfer of the permit for the Blazon #1 Mine, the following requirements apply.

Permit transfer is covered in the Utah Coal Mining and Reclamation Permanent Program Rules under R614-303-300. In summary, these rules require an applicant for permit transfer (in this case, Mr. Otani) to supply the Division with the legal and financial information as required by part R614-301-100 of the rules. It must show that compliance with applicable laws has been achieved in any previous coal mining endeavors, and, permittee must also provide a reclamation bond equal to the existing bond and show proof of liability insurance in accordance with part R614-301-800 of the rules. The new permittee must also commit to conduct all operations in compliance with the terms and conditions of the original permit. Changes to the permit and the plan after transfer may be made in accordance with R614-303-200 of the rules.

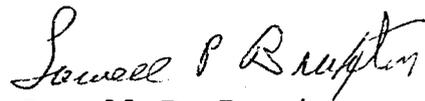
The Division may approve a permit transfer after all requirements of the rules have been met by the new permittee and after a 30-day public comment period has passed as required under R614-303-300.

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D. R. Smith, Attorney
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Requirements of previous enforcement actions by the Division and any outstanding violations would have to be accepted by the new permittee prior to permit transfer. Any outstanding penalties of previous violations would have to be paid by the current operator prior to approval by the Division for permit transfer.

The Division is not aware of any circumstance affecting the permit which your client would not meet. As to any particulars or assistance which you or your client should need, please feel free to contact the Division.

Sincerely,



Lowell P. Braxton
Associate Director, Mining

JRH/djh
cc: T. Mitchell, DOGM
D. Haddock, DOGM
R. Harden, DOGM
BT