



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 21, 1995

Certified Return Receipt Requested
P 074 976 315

Jack Otani
Star Route
Clear Creek Box 555
Helper, Utah 84526

Certified Return Receipt Requested
P 074 976 316

Steve Tanner
Route #1, Box 146G3
Helper, Utah 84526

Re: Blazon Mine, ACT/007/021, AMR/007/925/R, Carbon County, Utah

Dear Mr. Otani and Mr. Tanner:

I am writing in response to your letter of July 7, 1995, to Lowell Braxton concerning the reclamation activities of the Division of Oil, Gas and Mining ("DOGM") at the Blazon mine. As you are aware, DOGM has forfeited the reclamation bond of North American Equities, the permittee for the Blazon Mine. Under the Utah Coal Mining and Reclamation Act, DOGM has both an obligation to use these monies to perform reclamation activities at the Blazon site, and the authority to enter the permitted property to accomplish those activities.

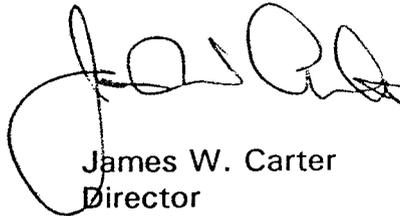
I am writing this letter to acknowledge receipt of your July 7 letter, and to affirm DOGM's intent to plug and abandon the water well at the mine in accordance with DOGM's prior communications. I have delayed the work scheduled for this week to allow sufficient time for you to review this letter. The water well plugging will commence in the near future, subject to contractor availability. The Division will provide you notification of the new starting date, but feels it has met the intent of its commitment to provide you two-week notice by virtue of the notice provided in our June 26, 1995, letter.



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Jack Otani
Steve Tanner
Blazon Mine
July 21, 1995

After completion of the well plugging, I anticipate development of a reclamation scenario that will address the remaining disturbances in a prioritized manner. As these plans are finalized, but prior to commencement of construction, I will provide you with copies of our intended scope of work.

Very truly yours,

A handwritten signature in black ink, appearing to read "James W. Carter". The signature is fluid and cursive, with a large initial "J" and "C".

James W. Carter
Director

jbe
cc: Lowell Braxton
Pam Grubaugh-Littig
Tom Mitchell, Esq.
Mary Ann Wright
H:BLAZON71.LTR