PLS. FILE
M 001/027

The Highest Quality Perlite Ore... And the Service to Match

TO DIVISION OF OIL, GAS & MINING DATE April 8, 1997

ATTENTION OF: MR. D. WAYNE HEDBERG FAX NO 801 359 3940

FROM PEARL QUEEN PERLITE CORPORATION / DANNY GATTEN

NO OF SHEETS INCLUDING THIS ONE 3

Enclosed please find a fax copy of our response to the items of concern expressed by the Division in your Tentative Approval Letter of April 3, 1997. I will mail the hard copy of this response to you today.

Thank you again for your help.

If all copies are not received please call (801)387 2100

P.O. Box 490
533 S. Industrial Loop Rd.
Milford, Utah 84751

Phone (801) 387-2100
Fax (801) 387-2403

The Highest Quality Perlite Ore... And the Service to Match

MR. D. WAYNE HEDBERG
PERMIT SUPERVISOR/MINERALS REGULATORY PROGRAM
UTAH STATE DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE STREET
BOX 145801
SALT LAKE CITY, UTAH 84114-5801

April 7, 1997

RE: Tentative Approval of Large Mining Operations Notice, April 3, 1997 for Pearl Queen Perlite Corporation's POP Perlite Mine M/001/027 in Beaver County, Utah.

Dear Mr. Hedberg:

We were very happy to receive from your Division a Tentative Approval for Large Mining Operations for our proposed perlite mine in Beaver County. We are grateful to you for your help in this permitting process, and for your having made available to us the help of several of the people who work for you.

In your Tentative Approval Letter of April 3, 1997, you expressed five concerns the Division has, and this is in response to these concerns.

Very Sincerely Yours:

Danny Gatten
Project Coordinator

CC:OJG/LargeMinePermitfile

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R647-4-106 - Operation Plan

106.6 Plan for protecting & redepositing soils.

We agree with the Division and commit to cover all topsoil stockpiles with a cover crop if the soil is not going to be redistributed within two or three months. We will use the recommended seed mix given by Mr. Lynn Kunzler and attached to the letter of April 3, 1997, from the Division. We further agree and commit to place signs on all topsoil stockpiles to prevent mine workers from contaminating this material or accidentally moving or disposing of this material improperly.

R647-4-109 - Impact Assessment

109.1 Impacts to surface and groundwater systems.

PQP was originally under the impression from the Utah State Division of Water Quality (DWQ) that since we will not use any water in our mining process, nor do we come in contact through our mining process with any standing or running water, we did not need any permits from DWQ. On this we were mistaken. DWQ has informed us that all mining operations within the State which are permitted as Large Mining Operations must have a Storm Water Discharge Permit from DWQ. We have applied for this permit, but have not received approval as of yet. When we receive approval, we will provide your Division with copies of this permit.

R647-4-110 - Reclamation Plan

110.5 Revegetation planting program.

We agree with the Division that since the topsoils in our mining area are low in Nitrogen, that to better provide revegetation of the area for soil and slope stability, wildlife and grazing, we will apply 50 lbs/acre of nitrogen fertilizer.

R647-4-111 - Reclamation Practices

111.2 Reclamation of natural channels.

We commit to reclaim the mine area in a manner which will leave the natural channel in the North ephemeral drainage open so that drainage from the mine area will be able to follow its previous, natural route. If we do have overburden or other rock blocking the channel, we commit as a part of our reclamation to reclaim the channel into upstream and downstream cross sections so that water can flow through the channel naturally. We also commit to grade any overburden or other rock which may come into contact with the channel in a way that it will not be undercut by any drainage in the channel.

R647-4-113 - Surety

We agree with the amount of surety set by the Division of $36,300 in year 2002 dollars. We will post this surety prior to commencing any large mining operations, and should we at some future time desire to open any more than ten (10) acres of disturbed area, including areas that have been reseeded for less than three years, we will communicate with the Division, and if required by the Division, increase our surety.