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

Olene S. Walker
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

GEMSTONE MINING INC.
599 N 800 W #6
PO BOX 3413
CEDAR CITY UT 84720

ATTENTION: DOMINIQUE MERZ

ANNUAL PERMIT FEE

Annual Permit Fees (July 2004 thru June 2005)

PROJECT NAME	PROJECT ID	ACRES	BILLING DATE
RED EMERALD	M010045	31	06/29/2004

PERMIT TYPE	PROJECT STATUS	ANNUAL FEE
LARGE MINING OPERATION < 50 ACRES	INACTIVE	$ 500

DUE DATE	AMOUNT DUE
07/30/2004	$ 500

Please see enclosed instructions for payment.

Please retain this portion for your records. For billing Information call (801) 538-5291

This portion MUST be returned with your payment to ensure proper credit. THANK YOU

ACCOUNT BILLED	PROJECT NAME	PROJECT ID
GEMSTONE MINING INC.	RED EMERALD	M010045

DUE DATE	ANNUAL FEE	AMOUNT DUE
07/30/2004	$ 500	$ 500

TAX ID OR SOCIAL SECURITY #
84-1428687

☐ FEE NOT ENCLOSED

Permittee requests an inspection to close out this permit.

Change of Address

Contact _____

Address _____

_____

E-Mail Address _____

State _____ Zip _____

Phone _____

DIVISION OF OIL GAS AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
PO BOX 145801
SALT LAKE CITY UT 84114-5801

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Please make check payable to:
Division of Oil, Gas and Mining

OLENE S. WALKER
Governor
GAYLE F. McKEACHNIE
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

June 28, 2004

Subject: **Notification of Permit Fees for Fiscal Year 2004-2005 & *"ANNOUNCEMENT"***

Dear Permittee:

There have been several changes in the Minerals Regulatory Program during this past year. This letter and the enclosed "**ANNOUNCEMENT**" to all operators with active permits, serves as official notification of those changes.

Permit Fees – no change

We are now entering our seventh year of annual permit fee assessment as authorized by the Utah State Legislature in 1998. The fees remain at:

Exploration projects	$150.00	Large Mines (less than 50 acres disturbed)	$500.00
Small Mines	$150.00	Large Mines (over 50 acres disturbed)	$1,000.00

The minerals rules require the payment of an annual permit fee for all mining and exploration ***active permits*** (**note**: the ***mine/project*** may be ***inactive***; however, ***if the site has not been fully reclaimed and officially released by the Division, the permit remains active and permit fees are required)***.

Permit Fees for the 2004-2005 fiscal year are due by July 30, 2004, the last Friday of July.

Note: If the site is fully reclaimed ***(i.e., 3 growing seasons have passed & conditions meet the 70% pre-mining vegetation standard)*** and you no longer wish to keep your permit active, you may ***check the box*** on the billing form requesting a site inspection ***(see item #5 on reverse side of this sheet). Before you check the box requesting an inspection and file closure,*** please make certain that all mining related waste, trash and debris have been removed, and that the vegetation is well established.

Delinquent fee notifications will be turned over to the Utah Office of Debt Collection (see item #6 on the reverse side of this sheet).

If you have any questions or concerns regarding this letter or the enclosed "Announcement", please contact Joelle Burns at (801) 538-5291, or Daron Haddock at 538-5325. Thank you for your expeditious attention to this annual permitting requirement.

Sincerely,

D. Wayne Hedberg

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

DWH:jb
Enclosure: ANNOUNCEMENT
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1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7223 • *www.ogm.utah.gov*

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Instructions for Payment of Fees

1. ***Collection of Permit Fees***
The Utah Legislature authorized the collection of permit fees in the Minerals Program July 1, 1998. The fees provide supplemental funding for processing and maintaining mining and exploration permit applications and inspection of those sites.

Please note: Some companies/operators may receive more than one billing form (i.e. multiple mines/projects). It is important to return each one of those forms to ensure proper credit.

2. ***Fees Are Assessed as Follows:***

Notices of Intent	Annual Fee
Exploration Operations	$150.00
Small Mining Operations (5 or less disturbed acres)	$150.00
Large Mining Operations (less than 50 disturbed acres*)	$500.00
Large Mining Operations (more than 50 disturbed acres*)	$1,000.00

3. ***Fees Due Date***
Fees are due by the last Friday in July, for all permitted operations or applications presently under Division review. Fees will also be due upon submission of a new permit application or a permit amendment/revision which increases the acreage to a new fee category.

4. ***Failure to Pay***
Failure to pay the required permit fee will **automatically suspend an operator's authorization to mine or explore** ***(site reclamation is still required by the operator)***. Permit revocation and an Order to reclaim the site may subsequently be required by the Board of Oil, Gas and Mining after Notice and Hearing.
New permit applications require fee enclosure with the application, before it will be processed

5. ***Opportunity to Close Out a Permit***
Permittees have the opportunity to close out a permit and not pay the fee. To be eligible to close out a permit, you must return the enclosed billing form with the appropriate box checked. You will then be contacted by the Division to arrange for an onsite inspection. The area must be fully reclaimed and in a stable condition to be eligible for closing out a permit. ***If the area is suitably reclaimed, then NO FEE WILL BE DUE***. If the area is not yet suitably reclaimed, then a new billing notice will be issued and the permittee will be given 30 days from the date of the onsite inspection to pay the fee.

6. ***Delinquent Fees***
All permit fees which remain uncollected 30 days after the due date will be turned over to the Utah Office of Debt Collection (ODC). Additional penalties, interest and collection fees will be assessed by the ODC. The Division will only accept delinquent fee payments upon verification from ODC that the amount for penalties, interest and collection fees have been included. Otherwise, payment of these fees must be made through ODC directly. You may contact them at (801) 538-3603.

7. ***Change of Address***
Please note any address or telephone changes on the return form. (NOTE: An **operator cannot be changed** on this form. This must be accomplished through a formal Permit Transfer).

8. ***Questions or Comments***
Please contact Daron Haddock at (801) 538-5325 or Joelle Burns at (801) 538-5291.

jb
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