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

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DOGM
MINERALS PROGRAM
FILE COPY

April 9, 1990

Ms. Libby DeVisscher
Claims Manager
Pacific Coast Building Products
3001 I Street
P.O. Box 160488
Sacramento, California 95816

Dear Ms. DeVisscher:

Re: Permit Transfer and Reclamation Surety Information, Interstate Brick Company Mines, M/003/004, M/031/002, M/035/003, M/045/006, M/049/002, M/049/003, M/049/004, M/049/005, Box Elder, Piute, Tooele and Utah Counties, Utah

Pursuant to your request for information relating to the reclamation bonding of Interstate Brick Company's (IBC) mines in Utah, I have enclosed a package enumerating the approved bonds for a number of the mines currently under IBC's control. Subsequent to purchase of any of the IBC's mines, Pacific Coast Building Products (PCBP), must apply to the Division of Oil, Gas and Mining for a formal transfer of all appropriate mine permits.

In order to secure approval for a permit transfer, a replacement form and amount of reclamation surety must be approved by the Board of Oil, Gas and Mining. Upon the Division's receipt of the replacement sureties, they would then be presented to the Board during their next scheduled monthly hearing. Appropriate forms of reclamation surety include corporate surety bonds, C.D.'s, cash, irrevocable letters of credit, escrow accounts, and self-bonding contracts. This is not an "all inclusive" list of acceptable forms of reclamation sureties.

I have enclosed a copy of the reclamation surety section of our regulations for your reference. While the Board reviews the merits of each self-bonding request, my feeling is that the Board considers approval of a self-bond as an unusual circumstance given the other surety options allowed under the Utah program.

You have requested information regarding the Division's Irrevocable Letter of Credit (ILOC) form of surety. As Mr. Wayne Hedberg indicated to you by telephone on March 22, 1990, our legal counsel has recently revised the ILOC language which is now undergoing administrative review. I have enclosed a copy of the latest draft proposed ILOC language for your reference. Keep in mind, that this is a draft and may be subject to some change before it is finalized. We hope to have a complete administrative review by the end of the April.

It is my understanding, that Mr. Jerry North of IBC has met with Wayne Hedberg concerning acquisition of the appropriate permit transfer forms and reclamation contract forms. Mr. North will complete those portions which pertain to IBC's obligations, and then forward them to your company for appropriate processing. Wayne Hedberg will be the permit supervisor in charge of processing your permit transfer request. Feel free to contact him if you have any questions concerning the transfer process. If you have questions about bonding options, please discuss these with Pam Grubaugh-Littig or Mr. Hedberg.

Sincerely,

Lowell P. Braxton
Associate Director, Mining

jb
Enclosures
cc: Lance Jackson, IBC
Wayne Hedberg
Pam Grubaugh-Littig
WMN1/4-5