M/003/026

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

February 17, 2005

Andrew C. Allison
Attorney-in-Fact
Developers Surety and Indemnity Company
4334 N.W. Expressway, Suite 151
Oklahoma City, Oklahoma 73116

Subject: Status of Surety Bond for Star Stone Quarries, Inc., Cotton Thomas Mine (M/003/024), Rosebud Mine (M/003/026) and Heber Quarry (M/051/005), Box Elder and Wasatch Counties, Utah

Dear Mr. Allison:

On February 7, 2005, we received a letter from Developers Surety and Indemnity Company stating that the surety bond numbers 886968C, 886969C and 886970C would be cancelled effective in 90 days from our receipt. On February 17, 2005, we received another letter rescinding those cancellation notices and that the surety should remain in full force without interruption. We appreciate your timeliness in notifying us that the bonds will not be cancelled.

However, in checking on bond 886969C, we do not have record of this bond. When I called your office, I was informed that it was for the Heber Quarry, our file number M/051/001. The surety we are holding for this bond was issued by Redland Insurance Company #ABC0010194. From the telephone conversation I was informed that it should have been replaced by the Developer's surety bond. I was asked to write a letter to you explaining that we do not hold bond 886969C so you could check into this matter.

If the Redland surety bond has been replaced with Developer's surety bond, we will need the new bond sent to us. I have enclosed surety bond form MR-5 for this purpose. A copy of this letter is being sent to Mr. Lon Thomas at Star Stone Quarries, Inc., as a new Reclamation Contract will also be required to be furnished along with the new surety bond.

Thank you for checking into this and keeping us informed as to the status of this surety. If you have any questions, please contact me at (801) 538-5291.

Sincerely,

Joelle Burns

Joelle Burns
Engineering Tech

jb
Enclosure: Form MR-5
cc: Lon Thomas, Star Stone Quarries, Inc.
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