S/003/033

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

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February 17, 2000

CERTIFIED RETURN RECEIPT
P 074 976 808

Lon Thomas
American Stone, Inc.
4040 South 300 West
Salt Lake City, Utah 84107

Re: Transfer of Mining Operations from American Stone, Inc. to Star Stone Quarries, Inc.

Dear Mr. Thomas:

On January 12, 2000, we received via fax a letter and draft copies of four interim Reclamation Contracts; one each for the Peoa Blonde, Heber Quarry, Cotton Thomas, and Rosebud mining operations. The Reclamation Contracts were to accompany the interim sureties we are holding for these sites until the large mining notices are approved and final sureties and Reclamation Contracts are in place.

Presently, we are reevaluating and revising our interim bonding requirements and procedures. Consequently, we will not require that these draft interim documents be finalized at this time. We believe that we can finalize these documents as part of the approval process for the large mining notices currently under Division review. Upon reaching final approval of the large mining permit applications, the interim surety amounts will need to be accordingly adjusted (up or down) and attached to the finalized Reclamation Contract forms.

In your recent letter we were advised that: *American Stone, Inc. was recently split into an operations corporation and a sales corporation. The operations corporation is the operator of the stone quarries and is responsible for all stone production. The operations corporation is now under the name "Star Stone Quarries, Inc."* Because of this change in companies, our legal counsel has advised us that we will need to transfer all of your existing mining permits from American Stone, Inc. to Star Stone Quarries, Inc. As you know, the four large mines mentioned above have not yet been approved, therefore, they can only be transferred as small mines at this time. Accordingly, we have enclosed eight small mining transfer forms and one large mining transfer form (mine names and permit numbers have already been inserted), that are currently permitted and approved under American Stone, Inc.

Also enclosed is a Reclamation Contract (MR-RC) for the Aragonite Mine which needs to accompany the transfer form, showing Star Stone Quarries as the operator. We have partially completed the Reclamation Contract with information contained in our files. Please review the MR-RC for accuracy. We have enclosed a blank form, in case there are any errors on the one we have partially completed for you.

Please complete all nine transfer forms and the Reclamation Contract, have them notarized and return the completed documents by February 29, 2000. If you have any questions regarding this letter or the forms, please contact me, Lynn Kunzler or Joelle Burns at 538-5286, 538-5310 or 538-5291 respectively.

Sincerely,

D. Wayne Hedberg

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosures: 9 permit transfer forms
2 MR-RC forms w/guideline (1partially complete, 1 blank)
Thomas:\transfer-ltr