S/003/034

State of Utah

Department of Natural Resources

Division of Oil, Gas & Mining

ROBERT L. MORGAN
*Executive Director*

LOWELL P. BRAXTON
*Division Director*

OLENE S. WALKER
*Governor*

GAYLE F. McKEACHNIE
*Lieutenant Governor*

February 3, 2004

David Penney
Heather Scholz
Penney's Gemstones, LLC
2400 East 30 South
P.O. Box 312
Beaver, Utah 84713

Subject: Transfer of Notices of Intention, Lost Gems #1 (S/001/056); Sliver 1-2 (S/001/035); Sliver 3-4 (S/001/057); Lucin Variscite (S/003/034); Pretty in Pink (S/027/073); White Tiger (S/027/093); Fantasy Land Jasper (S/027/096); Little Spot (S/027/024); Rapunzel (S/023/083); Carol Mine (S/001/064); and Green Chameleon (E/001/148), Beaver, Box Elder, Juab and Millard Counties, Utah

Dear Mr. Penney and Ms. Scholz:

On February 2, 2004, we received your notices of intention to transfer the above mentioned permits from David Penney/Penney's Gemstones to Penney's Gemstones, LLC or Earth's Partners, LLC. We also received a copy of your Certificate of Registration from the Division of Corporations showing that Penney's Gemstones, LLC is registered with the state of Utah. Thank you for providing that information.

We regret to inform you that the transfers are deficient. The legal description is not included. Rather the statement "see file" is written in where the legal description needs to be placed. The document needs to be complete before upper management will allow this to go through to the Division Director. We are not legally allowed to alter a document that has been signed and notarized to add the information, even if we knew exactly what the legal description of the land affected was. Also, a topographic map was not submitted with the transfers. Page one of the transfer form states, "Attach a topographic map . . . . of suitable scale . . . . which clearly outlines the existing disturbed area boundaries affected by the operation through the date of this transfer."

We are returning the transfer forms to you to complete (or redo). Please provide the missing information along with clearly marked maps, and then return to us for acceptance by the Division Director. Please be advised that you will also need to notify the BLM that you are changing the operator name. The local area BLM may be able to help you with disturbed area maps if you don't have accurate maps.

Thank you for your help in finalizing this permitting action. Please contact me at (801) 538-5321 if you have any further questions in regard to this letter.

Sincerely,

Tom Munson

Tom Munson
Senior Reclamation Hydrologist

jb
Enclosure: 11 partially completed transfer forms
cc: Ed Ginouves, BLM, Cedar City FO
Jerry Mansfield, BLM, Fillmore FO
Mike Ford, BLM, SLFO
O: M027-Millard\S0270073-PrettyInPink\penney'transfers-02032004.doc

**Klare Bachman**
*Executive Director*
Department of Commerce

**Olene S. Walker**
*Governor*
State of Utah

**Kathy Berg**
*Director*
Division of Corporations
& Commercial Code

DAVID LAMAR PENNEY
**PENNEY'S GEMSTONES LLC**
2400 E 30 S
BEAVER UT 84713

State of Utah
Department of Commerce
Division of Corporations & Commercial Code

# CERTIFICATE OF REGISTRATION

## LLC - DOMESTIC

This certifies that **PENNEY'S GEMSTONES LLC** has been filed and approved on **5/23/2001** and has been issued the registration number **4925197-0160** in the office of the Division and hereby issues this Certification thereof.

Kathy Berg

**KATHY BERG**
**Division Director**

FEB 0 2 2004

FORM MR-TRS
(Revised September 2000)

This Section For DOGM Use:

New DOGM File No.: _____
Date Received: _____
Date Effective _____

UTAH STATE DEPARTMENT OF NATURAL RESOURCES
**Division of Oil, Gas and Mining**
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

*********

UTAH MINED LAND RECLAMATION ACT
Chapter 8, Title 40
Utah code Annotated
Amended 1987

*********

**TRANSFER OF NOTICE OF INTENTION**
**SMALL MINING OPERATIONS**
*********

SMALL MINING OPERATION

Name of Claim/Mine: Lucin Variscite

File Number as Assigned by DOGM (Original Notice): S/030/034

Legal Description (Location of Lands Affected): see file

| 1/4 1/4 1/4 | Section | Township | Range | County |
|---|---|---|---|---|
| 1/4 1/4 1/4 | Section | Township | Range | County |

***Attach a topographic map (labeled as Appendix "A") of suitable scale (max. scale, 1 inch = 200 ft., 1 inch = 100 ft. preferred) which clearly outlines the existing disturbed area boundaries affected by the small mining operation through the date of this transfer.***

**CURRENT OPERATOR (Transferor)**

Name of Company/Operator: Penney's Gemstones / David Penney

Address: 2400 East 30 South P.O. Box 312

City: Beaver State: UT Zip Code: 84713

Telephone Number: (435) 438-5522

Signature: [signature]

Name (Type or Print) David Penney

Title/Position: Owner/Operator Date: 1/28/04

I hereby transfer the notice of intention and the reclamation obligation for the aforementioned small mining operation to: Penney's Gemstones LLC

**NEW OPERATOR (Transferee)**

Name of Company/Operator: Penney's Gemstones LLC

Address: 2400 East 30 South P.O. Box 312

City: Beaver State: UT Zip Code: 84713

Telephone Number: (435)438-5522

I hereby commit to conduct mining operations and to reclaim the aforementioned small mining operation as required by the Utah Mined Land Reclamation Act (40-8) and Minerals Rules R647-3 et seq. as promulgated and approved by the Board of Oil, Gas and Mining.

Signature (New Operator)

David Penney

Name (Type or Print)

R.A. / President

Title/Position

Subscribed and sworn before me this 30th day of January, 2004.

Virginia Mendoza

Notary Public

My Commission Expires:

Feb 25, 2005

Official Seal
NOTARY PUBLIC
STATE OF ARIZONA
County of Pima
VIRGINIA MENDOZA
My Commission Expires February 25, 2005

State of AZ )
) ss.
County of Pima )

## DIVISION APPROVAL CERTIFICATION

This is to certify that I have examined this application for transfer of the aforementioned small mining operation and do hereby grant approval of the same, subject to the following limitations:

(a) This transfer of small mining permit grants only the right to affect the lands as legally described in this application.

(b) The transferee, or such other person as required by UCA 1953, Title 40-8, as amended, has acquired the legal right to enter and mine the lands as described in this application.

(c) A topographic map of suitable scale is attached (as Appendix "A") which clearly outlines and labels the existing disturbed area boundaries through the date of this transfer.

COMMENTS:

APPROVED BY: _____

Lowell P. Braxton, Director
Division of Oil, Gas and Mining

Effective Date: _____

Form MR-TRS