United States Department of Agriculture
Forest Service
Sawtooth National Forest
Minidoka Ranger District
3650 South Overland Ave.
Burley, ID. 83318-3242
208-678-0430
Fax: 208-677-4878

S/003/055

File Code: 2810
Date: December 12, 2003

CERTIFIED MAIL NO.7002 0460 0003 0526 8025
RETURN RECEIPT REQUESTED

RECEIVED
DEC 12 2003
DIV OF OIL GAS & MINING

Travelers Casualty and Surety Co. of America
P.O. Box 6890
Portland, OR 97228-6890

DEMAND LETTER FOR SURETY

On September 23, 2000 Interstate Rock Products, Inc. (Michael Cates) and Michael Pauletto were issued a Notice of Noncompliance by this office for conducting unauthorized mining activities on the Raft River Division of the Sawtooth National Forest. Under this Notice of Noncompliance, Interstate Rock Products, Inc. and Mr. Pauletto were notified that their operations would remain in noncompliance until a new Plan of Operations was approved. On July 19, 2002, another Notice of Noncompliance was issued to Interstate Rock Products, Inc. and Michael Pauletto for continued failure not to have an approved plan of operations and for failure to initiate reclamation of their disturbance. On October 20, 2003, a letter was sent to Interstate Rock Products, Inc., Mr. Pauletto, and his agents stating that if reclamation of the majority of the project was not completed by November 30, 2003, that the Forest Service would initiate action to take the reclamation bond and complete the reclamation utilizing Forest Service equipment and personnel. An inspection of the project on December 3, 2003 found that reclamation had not been completed. The Forest Service is now making demand that the Travelers Casualty and Surety Co. of America honor bond number in the amount of $20,245 in connection with the default of Interstate Rock Products, Inc. and Michael Pauletto (the principal on the bond is listed as I & P Investments, LLC, the mining claim owner).

Payment is due the Forest Service upon receipt of this letter and Bill For Collection, but no later than January 12, 2004. Make your payment by certified or cashier's check, bank draft, or postal money order payable to the Forest Service USDA. Mail your payment, along with the white copy of the enclosed Bill for Collection to:

Minidoka Ranger District
Sawtooth National Forest
Attention: Scott Nannenga, Minidoka District Ranger
3650 South Overland
Burley, ID, 83318

If this bill is not paid in full by the due date, you will charged interest at the Department of Treasury rate in effect on the date of the bill's issue or at the prompt payment rate, whichever is higher, calculated from the date of the bill's issue. Additionally, you will be charged an administrative cost amount to cover processing and handling the overdue debt. Finally, if this bill is not paid in full by 90 days after the due date, in addition to the interest and administrative costs, you will be charged a penalty of 6 percent per year on any principle amount overdue 90 days or more, calculated from the bill's due date.

The United States intends to take whatever action is necessary to collect this debt. Should it become necessary to file suit against the Travelers Casualty and Surety Co. of America in Federal District Court, the Justice Department has indicated that it will seek an additional surcharge of 10% based on the Federal Debt Collection Procedures Act of 1991, 28 U.S.C. 3011.

Please contact me immediately if you have questions pertaining to this demand letter; my phone number is (208) 678-0430.

Sincerely,

Scott Nannenga

SCOTT C. NANNENGA
Minidoka District Ranger

Enclosures:
1. Notice of Nonc. September 23, 2000
2. Notice of Nonc. July 19, 2002
3. Letter October 20, 2003
4. Bill for Collection

cc. Mr. Lynn Kunzler
Department of Oil, Gas and Mining
State of Utah
1594 West North Temple
Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Mr. Dennis Jorgenson
Heritage Stone
1111 North 2000 West
#58
Far West, UT 84404

Mr. Michael Pauletto
11204 NW 37th Court
Vancouver, WA 98685

Mr. Michael Cates
Interstate Rock Products
9921 NE 72nd Ave.
Vancouver, WA 98682

Travelers Casualty and Surety Co. of Amer.
(Certified Mail No. 7002 0460 0003 0526 8025)
700 N.E. Multnomah
Portland, OR 97232

Travelers Casualty and Surety Co. of Amer.
(Certified Mail No. 7002 0460 0003 0526 8025)
Hartford, CN 06183-9062