State of Utah

Department of Natural Resources

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Division of Oil, Gas & Mining

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Lieutenant Governor

October 4, 2004

Ernie Ray Hale
1450 South 600 West
Oakley, Idaho 83346

Subject: Deficient Notice of Intention, Cactus Quarry, S/003/070, Box Elder County, Utah

Dear Mr. Hale:

On June 25, 2004 and July 8, 2004 respectively, we received your notice of intention to commence small mining operations and $150.00 permit application fee.

Because of the lease conflict between Sawtooth Stone and yourself, the School and Institutional Trust Lands Administration (SITLA) asked that we not send our acceptance to you until the lease was fully resolved. We just received notification from SITLA that the lease situation was now resolved. Therefore, we have now completed our review of your notice.

We find that the notice lacks the following information:

- no BLM lease #,
- variance section was not checked,
- no map was provided showing the location of the site and access road,
- business license applied for (copy of application included).
- surety has not been provided. You state that two acres will be disturbed; therefore, $8,000 surety will be required.

Because this site is located on BLM surface and SITLA minerals, you must also obtain acceptance from the BLM and SITLA before you would be authorized to proceed. Please assure that both those agencies have a copy of your notice.

When you determine which type of surety you will post, please contact Joelle Burns at (801) 538-5291 or e-mail joelleburns@utah.gov to obtain the correct bonding form. All three agencies will need to be listed on the bonding

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
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instrument. A Reclamation Contract will also be required to accompany the bond. You may download the bonding and contract forms on the internet at www.ogm.utah.gov (go to the mining program). Please provide a "draft" copy of all bonding documents before they are finalized, so we can check them for completeness and accuracy.

Thank you for your help in finalizing this permitting action. Please provide the required information within the next two weeks (by October 20, 2004). If you are unable to provide the information and surety within that timeframe, please request an extension and provide justification to delay finalizing this permit past that timeframe.

Please contact me at (801) 538-5325 or Lynn Kunzler at (801) 538-5310 if you have any questions regarding this letter.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:LK:jb
cc: John Blake, SITLA (ML-49379)
Mike Ford, BLM, SLFO
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