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State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

March 15, 2005

Mr. Clark Prothero
W. W. Clyde/Obayashi
H.C. 65 Box 119
Bluebell, Utah 84007

Subject: Conditional Acceptance of Notice of Intention to Commence Small Mining Operations, W. W. Clyde/Obayashi, Lavon Giles Pit, S/013/009, Duchesne County, Utah

Dear Mr. Prothero:

Thank you for your Notice of Intention to Commence Small Mining Operations and initial $150.00 permit application fee, received by the Division on February 25, 2005. The proposed Lavon Giles Pit is located in the NE¼ and the NW¼ of Section 30, Township 3 South, Range 2 West, USM, Duchesne County, Utah. The Division finds your application complete except that we have not yet received a surety in a form acceptable to the Division. We also need to receive a signed reclamation contract.

The Division hereby accepts your Notice of Intention to Commence Small Mining Operations upon the condition that you not commence mining operations until the Division has accepted your reclamation surety and signed the reclamation contract.

The Division conditionally approves your request for a variance from reseeding requirements. The site is being used to feed cattle during the winter, and because of this use and because of the soil conditions, revegetation is not likely to be successful. The Division will inspect the site in the winter following the completion of reclamation operations. If the area is not being used for feeding cattle, the Division may reinstate the revegetation requirements.

Before we could grant acceptance of the notice, we were required to forward a copy of your notice to the Utah Division of State History to assure that no historical or archaeological properties were in the area of the proposed

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

operation. We have not received any notification from State History, within the specified timeframe, as to whether or not there are any historical concerns in the proposed location. **Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office and the Division of State History of your find.**

Unlike large mining operations where the surety is escalated five years into the future, the surety for small mining operations will be reviewed periodically to assure that the bond remains adequate.

In accordance with the requirements of Rule R647-3-105, regarding the project location and disturbed area identification on a topographic map, ***the Division also requires the operator mark the proposed/actual disturbed area boundary (including access/haul roads) in the field with metal T-Posts (or other suitable, fixed markers) to assure that operations do not exceed the five acre limitation of this permit.*** Markers must be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

The acceptance of this notice and surety is for a small mining operation only, **not to exceed 5 acres**. You are not authorized to disturb beyond the 5-acre limit without first amending your notice, adjusting the bond amount and receiving written acceptance from this office as well as from any other appropriate agency. If you wish to expand to a large mine status, approval typically takes six to twelve months and sometimes longer.

The Utah Mined Land Reclamation Act of 1975 [40-8-7(I)] provides the authority for fee implementation which was approved by the Utah Legislature at its 1998 session. Commencing July 1, 2002, and annually thereafter, the fees were increased to $150.00 for small mining notices. You should receive a billing notice by early July.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-summary). Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil

stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Paul Baker at 538-5261. We look forward to receiving your surety bond and completed reclamation contract.

Sincerely,

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb
Attachment: SMO summary
cc: Mike Hyde, Duchesne County
O:\M013-Duchesne\S0130009-WWClyde-Giles\final\app-03162005.doc