**** TRANSMIT CONFIRMATION REPORT ****

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M/015/061

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

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
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FACSIMILE COVER SHEET

DATE: JULY 18, 1995

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 9

TO: NEAL MORTENSEN
WESTERN CLAY COMPANY
PHONE (801) 529-3281

FAX NUMBER: (801) 529-3714

FROM: TONY GALLEGOS

Minerals Reclamation and Development Program

PHONE: (801) 538-5340
FAX: (801) 359-3940

SUBJECT: M/015/061 LAST CHANCE CLAY MINE
— JOINT LETTER OF CREDIT FORM

REMARKS: HERE ARE COPIES OF: (a) MARCH 17, 1995 LOC, (b) EXAMPLE PAGES OF A JOINT-LOC, (c) A CLEAN COPY OF THE JOINT LOC FORM. PLEASE COMPLETE A NEW JOINT LOC FORM AND RETURN IT TO ME. I WILL DISTRIBUTE COPIES TO THE BLM STATE OFFICE AND RESOURCE AREA. PAGES 3 & 4 (EXHIBIT A & EXHIBIT B) OF THE JOINT LOC FORM CAN BE LEFT BLANK. CALL ME IF YOU HAVE ANY QUESTIONS.

Should you encounter any problems with this copy, or do not receive all the pages, please call

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

UTAH
INDEPENDENT
BANK

55 South State
Salina, Utah 84654
Phone (801)529-7459

MAR 20 1995
DIV OF OIL, GAS & MINING

Letter of Credit No.: 25069659
March 17, 1995

Utah Independent Bank
March 17, 1996

Utah Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

United States Department of Interior
Bureau of Land Management
Moab District
San Rafael Resource Area
900 North 700 East
Price, UT 84501

Gentlemen and Ladies:

1. Utah Independent Bank, Salina, Utah, hereby establishes this irrevocable Letter of Credit in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed $40,800.00 in United States dollars effective immediately.

2. This Letter of Credit will expire upon the earlier to occur of (a) 5:00 o'clock p.m. (Salt Lake City time) on March 17, 1996 and (b) the date upon which documents are executed pursuant to which the Division releases Western Clay Company from liability for reclamation of the Western Clay Company mines, no.

3. The Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Utah Independent Bank gives notice to the Division 90 days prior to the expiration date that the Utah Independent Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No.: [redacted] delivered to the office of the Utah Independent Bank, 55 South State Street, Salina, Utah. At the Division's sole election, the Division may present sight drafts for less than the face amount so long as the aggregate amount of all sight drafts does not exceed the face amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Utah Independent Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination date of this Letter of Credit, Utah Independent Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Utah Independent Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Utah independent Bank will give prompt notice to Western Clay Company, and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Utah Independent Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Utah Independent Banks charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1983 revision, International Chamber of Commerce Publication No. 400, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah Law and the UCP, Utah Law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Utah Independent Bank, 55 South State Street, Salina, Utah, referencing Letter of Credit No.: [redacted]

Very truly yours,

Utah Independent Bank

By: Mike Shaw

Mike Shaw - Cashier

MWS/lc

cc: Western Clay Company
file

EXAMPLE

Letter of Credit No. _____

Date: _____

UTAH DIVISION OF OIL, GAS AND MINING
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

and
~~and~~
SAME AS MARCH 17, 1995 LOC

OMIT BLANK LINES

Gentlemen and Ladies:

1. SAME AS MARCH 17, 1995 LOC [Name of Bank or Surety], ("Surety"), of SAME [city/state], hereby establishes this irrevocable letter of credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for the DEPARTMENT OF THE INTERIOR - BLM [Cooperative Agency] (collectively, the "Beneficiaries") for an aggregate amount not to exceed $ SAME [reclamation cost estimate] in United States dollars ("Face Amount") effective immediately.

NEW PART

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on SAME [expiration date] or (b) the date upon which sufficient documents are executed by the Division to release _____ ("Operator") from further liability for reclamation of the LAST CHANCE CLAY MINE [mine], M/015/061 [mine permit #] with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.

EXAMPLE

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. SAME delivered to the office of the Surety, SAME - SAME [address]. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Surety SAME [address], referencing Letter of Credit No. _____.

Very truly yours,

SAME

_____
The Surety

By: _____
(Name typed or printed)

_____
(Authorized Signature)