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

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July 2, 2001

CERTIFIED RETURN RECEIPT
7000 0520 0021 7582 9828

Neal Mortensen
Western Clay Company
508 East Center
P.O. Box 127
Aurora, Utah 84620

Re: Five-Year Review Surety Estimate, Western Clay Company, Last Chance Mine, M/015/061, Emery County, Utah

Dear Mr. Mortensen:

Thank you for providing the requested information regarding the five-year review status of your Last Chance Mine, located in Emery County, Utah. The last surety estimate for this mine was $40,800 in 2000 dollars. Upon review of the information furnished by Western Clay, which stated that there had been no changes at the site, we find we only need to escalate the present bond for a five-year period.

The surety for the Last Chance Mine escalated to the year 2006 is $51,800. A Surety Estimate Update is enclosed for your use. Please provide the updated surety within 60 days or no later than September 2, 2001.

If you provide a rider to the existing surety, no other paperwork will be required. However, if you choose to post another form of surety, please contact Joelle Burns at (801) 538-5291 to obtain the current bonding forms or you may access the current forms on the internet at www.nr.state.ut.us. If you choose to post a new form of surety, you will also need to replace the Reclamation Contract, which is found on the web along with the bonding forms.

If you are unable to provide the surety within this timeframe, please contact the Division with justification for requesting additional time. Thank you for your help in keeping the surety current. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

for

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: Surety estimate update
cc: Dean Nyffeler, BLM, Price FO
M15-61-surety-update.doc

SURETY ESTIMATE UPDATE

Western Clay Company
Last Chance Bentonite Min FILE # M/015/061 Emery County
Prepared by Utah Division of Oil, Gas & Mining Last Update DATE 07/02/01

DESCRIPTION:
-Previous reclamation surety estimate was $37,144 in year 1995 dollars
-Reclamation Estimate base amount calculated in 1995-$
-This update adjusts the surety amount for escalation only.

Details of Final Reclamation
- Reclamation consists of earthwork and revegetation - no structures are present
- Trash and debris to be removed to an authorized land fill or disposal area
- Pit backfilled with overburden & clay waste clay to be non-impounding
- Topsoil replaced at approximately 1 ft depth on 8.3 acres 13,391 Cy est
- Amount of material needed for pit backfill - *operators estimate* 114,000 Cy
- borrow area for soil and backfill may be used
- disturbed areas to be disced, mulched, fertilized, & seeded as requested by the BLM
- disturbed acreage is 8.6 acres + 1.9 acres of nonvegetated areea
- permit boundary includes 20.2 acres - area disturbed by present operator - 10.2 acres

-Escalation factors through 2000 are actual Means Historical Cost Indices
-Total disturbed area = 10.2 ACRES

CALCULATIONS
F = P(1 + i)**n

F = Future Sum
P = Present Sum
i = Escalation Factor
n = number of periods

Three Yr Average = 3.13%
Used to Project 5 Yrs
From the Year 2000

YR	ESCAL FACTOR	BOND AMOUNT
1988	0.0181	$0
1989	0.0177	$0
1990	0.0077	$0
1991	0.0127	$0
1992	0.0221	$0
1993	0.0261	$0
1994	0.0321	$0
1995	0.0193	$37,144
1996	0.0242	$38,043
1997	0.0236	$38,941
1998	0.0502	$40,896
1999	0.0200	$41,713
2000	0.0313	$43,019
2001	0.0313	$44,366
2002	0.0313	$45,754
2003	0.0313	$47,186
2004	0.0313	$48,663
2005	0.0313	$50,186
2006	0.0313	$51,757

Updated Surety Amount Rounded (2006-$) $51,800
** Average cost per acre = $5,078 ($/ACRE)