S0150075
S0150092
cc: Paul

USG

United States Gypsum Company
550 West Adams Street
Chicago, IL 60661-3676
312 436-4000
Fax: 312 672-4093

Founded in 1902

March 27, 2007

Mr. Paul Baker
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

RE: Status of Reeds Mesa Leases (State of Utah Trust Lands Administration), Emery County, UT

Dear Mr. Baker,

Some time ago we talked over the phone about the status of what I understood to be an old permit application on the Reeds Mesa (Moore Road) Trust Lands gypsum lease. This letter is to advise you, per your recommendation, of the status of those lands with respect to mining development.

The United States Gypsum Company has the following parcels under gypsum lease with the State Trust Lands Administration:

869.32 acres in Sec 2 T23S R8E, Emery County 150075
640.00 acres in Sec 36 T22S R8E, Emery County 150092

Mr. Kyle Morris was the quarry manager at USG's Sigurd, UT operations in 2003. At about that time he initiated correspondence to develop a 5-acre gypsum quarry disturbance on these parcels. Mr. Morris left the company a short time after that, and the process was not taken to completion.

USG has caused no disturbances on these leased parcels, and will not develop a quarry there in the near future. Therefore, we consider Mr. Morris' applications defunct. We do, however, desire to keep the lease active should we want to exercise our leased rights for future mineral development.

Thanks for your concern in this matter, and feel free to call my anytime.

Respectfully,

Joseph E. Crawford
Manager, USG Geological Services
312-436-5707
Cellular 630-544-7821

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DIV. OF OIL, GAS & MINING