State of Utah

School and Institutional
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Governor

David T. Terry
Director

5/15/078
5/15/080

RECEIVED
JUL - 3 2001
DIV. OF OIL, GAS & MINING

July 2, 2001

Daniel Sheppard
Gold Terra, Inc.
4088 East Airport Road
Price, Utah 84501

Re: Notice of Intent to Commence Exploration Drilling on Metalliferous Minerals Leases ML 47708, (Black Butte Mine) and ML 47718, (Black Knight Mine)

Dear Mr. Sheppard:

This letter is a follow up to a fax that I sent to Dan Guy, on June 26, 2001, regarding the proposed drilling on the above referenced leases.

I have received the notices and maps with regards to exploration drilling on the above referenced properties. However, the administrative rules of the Trust Lands Administration and the lease agreement require that the appropriate reclamation bond be posted before approval can be granted to commence with exploration or mining. In my letter of August 17, 1999, it was determined that 4.82 acres of land, at the Black Butte Mine site, would be disturbed if mining commenced under that plan. In my letter of May 10, 1999, it was determined that 5 acres of land at the Black Knight Mine site would be disturbed. Reclamation bond at each of the sites was determined to be $2.500.00 per acre. Bonding must be completed before approval to commence with mining or exploration can be granted. To fully bond each site under the original mine plan requires a bond of $12,500.00 per site. For the purpose of your exploration drilling on the Black Knight and Black Butte Mine sites you can recalculate the surface disturbance that will be created by the exploration drilling, including roads and drill pads and submit a bond based on $2,500.00 per acre of disturbance.

If you have any questions please feel free to contact me at the address or phone shown on this letterhead.

Sincerely

William M. Stokes
Minerals Resource Specialist

Cc: Doug Jensen, DOGM, File #'s S/015/080, (Black Butte) & S/015/078, Black Knight