State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 22, 2007

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 8415

Jeff Sagers
Terra Resources, LLC
2016 South Montana Ave.
Provo, Utah 84606

Subject: Requirement to Post Reclamation Surety, Terra Resources, LLC, RMS 1/MTN Spring Peak, S0210024, Iron County, Utah

Dear Operator:

You have been previously notified of the requirement to post a reclamation surety for the above referenced mine site (letters dated June 8, September 8, and November 20, 2006). Our records indicate that you have not completed this requirement, which was due by December 8, 2006.

As a result you are considered to be out of compliance with the Utah Mined Land Reclamation Act and you are subject to enforcement action. In order to curtail this action you must provide the Division with one of the following within the next 30 days.

1. Evidence that you have a reclamation surety adequate to assure reclamation of the site in accordance with Utah Administrative Code R647-3-111. (If you have not done so already, you will need to contact the Division to determine the amount required.)
2. Notification that you have completely reclaimed the site and are ready to have the site closed.
3. Justification for why a reclamation surety is not required for this site.

Failure to complete this requirement will result in a Cessation Order being issued in accordance with Utah Administrative Code R647-6-102. A civil penalty will be assessed which could be as high as $750 per day of non-compliance. We hope to avoid this situation. Please contact us and work with us as soon as possible to change this situation.

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*

Also, we would like to remind you that your permit fees have not been paid. Failure to pay the permit fees may result in a withdrawal of the approved Notice of Intention. We would appreciate your prompt attention in bringing your fees current.

If you have any questions, please call me at (801) 538-5325.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Permit Supervisor

DRH/pb
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