jbr
environmental consultants, inc.
8160 South Highland Drive • Sandy, Utah 84093 • (801) 943-4144 • Fax (801) 942-1852

M/023/007 F

April 17, 2002

RECEIVED
APR 18 2002
DIVISION OF
OIL, GAS AND MINING

Ms. Mary Ann Wright
Associate Director, Mining

Mr. D. Wayne Hedburg
Permit Supervisor

Utah Division of Oil Gas and Mining
1594 West north Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Request of Partial Bond Release, North Lily Mining Company, Silver City, Utah Facility

Dear Ms. Wright and Mr. Hedburg:

This is North Lily's third request for partial reclamation bond release for the subject facility. Since the last OGM-authorized partial bond release in mid-2001, the former plant and solution pond site, the site of the post-closure fluid management facility, and the supplementally regraded portion of the west former heap leach slope have been ripped, amended with composted manure at a rate of 10 tons per acre, and seeded with the OGM-approved seed mix. In addition, the remaining barrels of caustic tank residue were properly transported off site and disposed of by SafetyKleen. This reclamation work was completed in November 2001.

This current bond release request is based upon the revised remaining line-item bond amounts as described in Ms. Wright's November 1, 2001 letter to Mr. Steve Flechner of North Lily. As of that date, OGM held a remaining reclamation bond of $32,500 plus accrued interest for the subject former heap leach facility. This letter was accompanied by a reallocated reclamation cost estimate for work remaining following last fall's revegetation-related activities of $23,200. The amount that could be released upon inspection and approval by OGM was stated as $9,300 (plus accrued interest). Therefore, on behalf of North Lily Mining Company, we request that DOGM release $9,300 of the remaining $32,500 bond plus all accrued interest per Ms. Wright's November 1, 2001 letter.

We understand that Mr. Jensen of OGM conducted a site inspection on January 7, 2002; however, snow cover prevented him from assessing the work done last fall. We presume that Mr. Jensen may have inspected the site since that time and if he has not done so, we request that this inspection be carried out as soon as possible.

Corporate Office • Sandy, Utah (801) 943-4144 Fax (801) 942-1852
Cedar City, Utah (435) 662-8793 Fax (435) 662-7106
Reno, Nevada (775) 747-5777 Fax (775) 747-2177
Elko, Nevada (775) 738-8766 Fax (775) 738-2264
Boise, Idaho (208) 853-0883 Fax (208) 853-0884

In accordance with instructions previously provided by North Lily, please make the reclamation bond release check payable to JBR Environmental Consultants, Inc. and mail it to JBR's Sandy, Utah office at the letterhead address.

Your prompt attention to this request would be very much appreciated.

Sincerely,

Robert J. Bayer
Managing Principal

cc: Stephen Flechner/Gene Webb, North Lily Mining Company
Doug Jensen, OGM
M. Keller, Vancott Bagley