M/023/007

State of Utah

Department of Natural Resources

ROBERT L. MORGAN
Executive Director

Division of Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

August 10, 2004

Steve Flechner
North Lily Mining Company
1800 Glenarm Place #210
Denver, Colorado 80202

Subject: **Second Notice - Delinquent Permit Fees, Further Mining is Suspended – Enforcement Rules in Effect, Minerals Regulatory Program**

Dear Mr. Flechner:

Our records indicate that we have not received your annual permit fee payment(s) for the 2004 fiscal year, which was due on or before July 30, 2004 (see R647-2-101.6, R647-3-1-1.7, and R647-4-101.5). Non-payment of permit fees suspends an operator's authorization to conduct exploration or mining operations until the permit fees have been received by this office. **THEREFORE, YOUR AUTHORIZATION TO CONDUCT EXPLORATION OR MINING ACTIVITIES IS HEREBY SUSPENDED, UNTIL THIS BILLING REQUIREMENT IS RESOLVED.** Please note that the payment of permit fees is required until the site has been formally released by the division.

You have previously been informed that effective June 1, 2004, Inspection and Enforcement Rules were implemented in the Minerals Regulatory Program, per a 2002 Legislative mandate. Before fully enforcing the rule for non payment of permit fees at this time, the Division will allow you until August 31, 2004 to pay the delinquent permit fees. **If the delinquent permit fees are not received before August 31, 2004, the Enforcement Rules will be imposed and you will be issued a Notice of Violation and a fine could be assessed.** If you are found mining at your site before the fee is paid, another Notice of Violation would be issued and a fine will be imposed. Please be advised that fines are assessed for each separate violation.

We have enclosed a "*Delinquency Notice*" along with this letter. Please return the bottom portion with your fee payment to ensure the money is posted to

the correct account. Operations may resume upon our receipt of the required fees. ***If you have already sent in your payment, please accept our thanks and disregard this notice.***

We hope to avoid taking any enforcement action regarding the fee payments. Please: 1) submit your payment by August 31, 2004; 2) check the box, **if the site is fully reclaimed and revegetated**; thereby requesting a site inspection; or 3) contact us immediately.

If you have any questions regarding this letter, please contact me at (801) 538-5325 or Joelle Burns at 538-5291. Your immediate attention to this matter is imperative.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:jb
Enclosure: Delinquency Notice
O:\FEES\fees - 2004\delinq-2nd notice-08102004.doc

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

Olene .S. Walker
Governor
Robert L. Morgan
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

NORTH LILY MINING COMPANY
1800 GLENARM PLACE #210
DENVER CO 80202

ATTENTION: STEVE FLECHNER

DELINQUENCY NOTICE

Annual Permit Fees (July 2004 thru June 2005)

PROJECT NAME	PROJECT ID	ACRES	BILLING DATE
NORTH LILY - TINTIC PROJECT	M230007	25	06/29/2004

PERMIT TYPE	PROJECT STATUS	ANNUAL FEE
LARGE MINING OPERATION < 50 ACRES	RECLAIMED	$ 150

DUE DATE	AMOUNT DUE
07/30/2004	$ 150

Please see enclosed instructions for payment.

Please retain this portion for your records. For billing Information call (801) 538-5291

This portion MUST be returned with your payment to ensure proper credit. THANK YOU

ACCOUNT BILLED	PROJECT NAME	PROJECT ID
NORTH LILY MINING COMPANY	NORTH LILY - TINTIC PROJECT	M230007

DUE DATE	ANNUAL FEE	AMOUNT DUE
07/30/2004	$ 150	$ 150

TAX ID OR SOCIAL SECURITY #

☐ FEE NOT ENCLOSED

Permittee requests an inspection to close out this permit.

Change of Address

Contact _____

Address _____

_____

E-mail address _____

State _____ Zip _____

Phone _____

DIVISION OF OIL GAS AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
PO BOX 145801
SALT LAKE CITY UT 84114-5801

Please make check payable to:
Division of Oil, Gas and Mining