m/023/007

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

August 26, 2005

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

Subject: **Second Notice - Delinquent Permit Fees - Further Mining is Suspended**

Dear Mr. Flechner:

The Division has not received the annual permit fee payment(s) for the 2005 fiscal year, which were due on or before July 29, 2005 (see R647-2-101.6, R647-3-1-1.7, and R647-4-101.5). Non-payment of permit fees is a violation of the Minerals Regulatory Program and suspends an operator's authorization to conduct exploration or mining operations. **YOUR AUTHORIZATION TO CONDUCT EXPLORATION OR MINING ACTIVITIES IS SUSPENDED, UNTIL THIS BILLING REQUIREMENT IS RESOLVED.** Permit fees are required until the site has been fully released in writing by the Division.

We have enclosed a "*Delinquency Notice*" billing statement along with this letter. Please return the bottom portion of your billing statement to ensure the payment 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.***

The Division will allow you until September 9, 2005 to pay the delinquent permit fees before issuing a Notice of Violation for non-payment, which will carry a fine and penalty. Continuing mining activities before the fee is paid will result in a Cessation Order which carries a separate fine and penalty. Please be advised that fines and penalties are assessed for each separate violation.

We hope to avoid taking any enforcement action regarding the fee payments. Please: 1) submit your payment by September 9, 2005; 2) check the box, **if the site is fully reclaimed and revegetated**, thereby requesting a site inspection to close the file; or 3) contact me immediately at (801) 538-5358 or Joelle Burns at (801) 538-5291.

Sincerely,

Daron R. Haddock

for Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:jb
Enclosure: Delinquency Notice
O:\FEES\fees - 2005\fees-unpaid-susp-template.doc

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*

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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
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	$ 300

DUE DATE	AMOUNT DUE
09/09/2005	$ 300

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
09/09/2005	$ 300	$ 300

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