STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Norman H. Bangerter, Governor
Dee C. Hansen, Executive Director
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

February 23, 1988

CERTIFIED RETURN REQUESTED
P 001 717 776

Mr. Stephen S. Swenson
Vice President/Manager
Deseret Bank, Lehi Office
99 West Main
Lehi, Utah 84043

Dear Mr. Swenson:

Re: Stand-by Letter of Credit No. [illegible], Nephi Gypsum Quarry, M/023/011, Juab County, Utah

The Division received a stand-by letter of credit (No. [illegible]) in the amount of $15,000 from your bank on February 16, 1988 for the account of Thomas J. Peck and Sons Inc. We require that all irrevocable letters of credit be accompanied by a completed collateral bonding and indemnity agreement form. I have enclosed this agreement form for your use. It should be completed and returned to me as soon as possible.

Exhibit A which is to be attached to the form can consist of a detailed written legal description or a map of the mine which clearly shows the township, range and section. The permit number is M/023/011.

The stand-by letter of credit shows an expiration date of February 11, 1989. As you are aware, we would prefer that the letter of credit be noncancellable. We hope that the other two bonding options which you mention in your February 11, 1988 letter will allow for this noncancellable provision.

We will accept the existing letter of credit provided that the letter is extended for an additional year at least 90 days prior to expiration every year. In other words, we will expect to receive a renewal of the letter of credit by November 11th of each year. The amount of the letter of credit will have to be increased each year to cover projected inflation as is summarized below.

Date	Amount
November 11, 1988	$15,300
November 11, 1989	15,600
November 11, 1990	15,900
November 11, 1991	16,200
November 11, 1992	16,600

The Division will review the reclamation estimate after five years and adjust the bond amount accordingly. Failure to renew the letter of credit by November 11th of each year will result in the Division giving notice to initiate forfeiture of the letter of credit.

Please contact me or Frank Filas of my staff if you should have any questions or require additional information.

Sincerely,

Lowell P. Braxton

Lowell P. Braxton, Administrator
Mineral Resource Development
and Reclamation Program

re
enclosure
cc: Mr. Tony Peck
Thomas J. Peck and Sons
K. May
F. Filas
D. Wham
B. Roberts
1068R-97,98