S/023/016

From: Wayne Hedberg
To: Minerals
Subject: Phone Conversation - Robert Steele (Nephi Gypsum) M/023/007

On April 18, 2000, Tom Munson and I returned a call to Robert Steele concerning the Division's recent Notice of Non-Compliance issued on the Nephi Gypsum mine site. Mr. Steele had called and left a voicemail message last Thursday afternoon (4/13/00) with Sheila Morrison asking for us to return his call.

Mr. Steele requested that we come down to the mine site to try and resolve the issued raised in our Non-Compliance Notice. He stated that we were trying to force him to change/revise his approved mine plan and he refused to do so. I explained that we were not trying to force him to do anything other than comply with the commitments he had agreed to in our past meetings on the subject. I told him we do want him to revise his reclamation plan to add sufficient explanation and detail to allow us to calculate an accurate reclamation estimate.

I told him that a phone call requesting an onsite visit was not a sufficient response to a formal Non-Compliance Notice. I asked him to provide a written reply to our notice within the specified 30 day time frame (by April 27, 2000). He agreed to do so. I said after we receive his written reply, I would agree to have my staff come down onsite one more time to try and work out our concerns with him. If we weren't able to accomplish this, then I would have little choice, but to take this matter to the next management level and possibly to a Board Hearing.

He stated that if we tried to shut down his operations, he would sue us. I told him that we had no intentions at the present time to do this, but it was an option available to us under the current mining laws. We both agreed that a Board Hearing was not the preferred arena to resolve our differences.

He stated he believes he has provided us with the information we have requested of him and that he saw no reason to make any further changes or additions to his approved plan.

We also discussed the matter of the outstanding permit transfer for the project. He thought he had taken appropriate actions to take care of this with Mr. Tony Peck and the bank. He also thought he had seen a letter from someone that had acknowledged acceptance of a transfer form. I explained that we still had not received the updated version of the transfer form that we have asked for several times now (in writing). He said he would be seeing Mr. Peck in next day or so and would ask him about same. I told him I'd telefax down another copy of this form to the county courthouse (and did so the same morning of the call).

We also discussed briefly the outstanding permitting circumstances associated with the Division Directive issued to him on the Levan Gypsum small mine site. He admitted that they had been very sloppy in their paperwork requirements for this site. He stated he had very little direct control over the activities conducted at the Levan or the Nephi Gypsum site by virtue of the contracts in place with other parties to operate on the sites.

I explained that he was directly responsible as the operator of record for both sites for any and all mining related activities/disturbances created at these sites (regardless of his direct control). He agreed that he was ultimately responsible for same. We explained that if Geneva Rock was taking over/purchasing the Levan Gypsum site, then they would have to transfer the SMO permit and then file an LMO and reclamation bond to operate on the site. Until such time, he would remain responsible for all continued activity at this site, regardless of who was actually mining the property.

A COPY OF THIS MEMO WILL BE SENT TO THE MINE FILE RECORDS. (M/023/007 & S/023/016).

CC: Mary Ann Wright