State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 10, 2007

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 3660

Robert Steele
Grouse Creek #1 Mine
1055 North 400 East
Nephi, UT 84648

Subject: Denial of File Closure and Inadequate Response to Cessation Orders, Grouse Creek #1 Mine, S0030063, Task ID# 1887, Box Elder County, Gardner Canyon Mine, S0230015, Juab County, Silver Dream Mine, S0270084, Millard County, Utah

Dear Mr. Steele:

On July 20, 2007, we received your request to close the file for the Grouse Creek #1 mine, located in Section 26, T9N, R19W, SLBM, Box Elder County, Utah. On May 2, 2007, the Division inspected the site. Contrary to statements in your application for site release, the Division inspector found mining related disturbances on your permit area that have not been reclaimed. As permittee, you are responsible for mining related activities on your permit area. Therefore, until the reclamation work is completed and determined successful, the Division cannot close this file.

Cessation Order # MC-07-01-04, issued April 24, 2007 is still in effect. The Division will allow you an additional 15 days from the date you receive this letter to complete the abatement requirements by posting the reclamation surety.

The Division annual permit fees will remain due and payable until the site is successfully reclaimed and the file is closed. A billing statement is enclosed, which is due within 30 days.

We also wish to remind you that there are outstanding enforcement actions at the Gardner Canyon Mine and the Silver Dream mine. Our June 15, 2007 letter to you, indicated that we would hold the Cessation Orders in abeyance for 30 days to allow you time to provide the required documentation for these sites. The 30 days is now past and we have not received a complete response from you. Therefore, we can no longer hold the orders in abeyance and they are now in affect. For the Gardner Canyon Mine we still need to have the Division named as a beneficiary on the bond and a reclamation contract must be completed. For the Silver Dream mine we must receive a written notice as to why the permit should remain in suspension in accordance with Rule R647-3-113. The Division will allow you 15 days from the date you receive this letter to complete the abatement requirements of these orders. If the abatement is not met in the required timeframes, you will be issued a "failure to abate" cessation order, which carries a civil penalty of not less than $750 for each day during which the failure continues.

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UTAH DNR OIL, GAS & MINING

Thank you for your help in achieving compliance at these sites. If you have any questions or concerns regarding this letter, please contact me at (801) 538-5325 or Lynn Kunzler at 538-5310.

Sincerely,

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:lk:pb
Enclosure - Billing statement, Inspection Report
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