Orig: M Wright
cc L Braxton
Tabs

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APR 17 1998
DIV. OF OIL, GAS & MINING

April 14, 1998

S/023/057

Mr. Lowell P. Braxton
Acting Director
Department of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

Re: Implementation of Annual Permit Fees in the Minerals Regulatory Program

Dear Sir:

We received your letter stating your intention to impose fees on existing state leases. We are unable to attend the April 16 Stakeholders meeting but would like to make some comments. Our two leases are very explicit concerning rent, royalties and reclamation responsibilities. Nowhere in the lease (or in the listings of leaseable lands) does it mention that the state has the right to levy additional fees at some later date. It's not legal and it's certainly not fair.

The high cost of $6 per acre, even during the exploration stage, on gemstone and fossil leases plus the exorbitant reclamation bond ($5000/acre!) already discourages mining on state lands. (The B.L.M. only requires $1000/acre which is more than sufficient.) We ourselves in recent years have decided against several new leases because of these excessive costs. These are lands that have never been leased, are unknown to state officials as possibly productive properties, and now will probably never be leased. You state people may eventually learn, as the federal government has, that simply levying more fees on mining does not necessarily generate more revenue, that it may actually decrease it in the long run. Mining is a fragile enterprise with much financial risk and additional government charges may push "fence sitters" the other way. It seems to us that there are fewer leases on state lands now than a few years ago. Federal claims have also dropped off sharply, first because of the imposition of $100/claim fee and finally because of the bonding requirement. And dealing with the state of Utah has become worse than dealing with the federal government. When obtaining our recent leases, we had to work with four different bureaucracies. Why can't the state have one bureaucracy to manage its lands, just as the federal government does?

Sincerely,

Sandra Sprunger

Sandra Sprunger

cc Governor Leavitt