0001

Form MR-SMO
(Revised March 13, 2007)

This Section for DOGM Use:
Assigned DOGM File No.: S
DOGM Lead: Wayne
Permit Fee $ 150.00 Ck # 2850

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

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DIV. OF OIL, GAS & MINING

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program.

"Small Mining Operations" mining operations which have a disturbed area of five or less surface acres at any time.

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I. **GENERAL INFORMATION** (Rule R647-3-104)

1. Name of Mine: Blackjack Clay Mine

2. Legal name of entity (or individual) for whom the permit is being requested:
Northstar Mines LLC
Mailing Address: 35 Mammoth Main St. P.O. Box 190
City, State, Zip: Eureka, UTAH 84628
Phone: 435-433-6612 Fax: 435-433-5512
E-mail Address: XYZMINING@HOTMAIL.COM

Type of Business: Corporation ( ) LLC (x) Sole Proprietorship (dba) ( )
Partnership ( ) General _____ or _____ limited
Or:
Individual ( )

Entity must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC) www.commerce.utah.gov.
Are you currently registered to do business in the State of Utah? (■ Yes) ■ No
Entity # 6309613-0160
If no, contact www.commerce.utah.gov to renew or apply.

Local Business License # _____ (if required)
Issued by: County _____ or City _____

3. **Contact Person(s)**
Name: Spenst Hansen Title: Manager
Address: 35 Mammoth Main St, PO Box 190
City, State, Zip: Eureka , UT 84628
Phone: 435-433-6612 Fax: 435-433-5512
Emergency, Weekend, or Holiday Phone: 435-610-0665
E-mail Address: XYZMINING@HOTMAIL.COM

Contact person to be notified for: permitting (x) surety (x) Notices (x) (please check all that apply)

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Name: _____ Title: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
Emergency, Weekend, or Holiday Phone: _____
E-mail Address: _____

Contact person to be notified for: permitting ( ) surety ( ) Notices ( ) (please check all that apply)

Registered Utah Agent (as identified with the Utah Department of Commerce) *(if individual leave blank)*:
Name: _____
Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

4. **If Business is a Sole Proprietor:**
Name of Owner: _____ Title: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

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If Business is a Corporation:
Name of Officers: _____ Title: _____
_____ Title: _____
_____ Title: _____
_____ Title: _____
_____
Headquarters Address: _____
City, State, Zip:
Headquarters Phone: _____ Fax: _____
E-mail Address: _____

If Business is a Limited Liability Company: Member Managed ■ Manager Managed ■
Name of 1st Member/Manager: Spenst Hansen Title: Manager
Business Address: 35 Mammoth Main St, PO Box 190
City, State, Zip: Eureka, UT 84628
Phone: 435-433-6612 Fax: 435-433-5512
E-mail Address: xyzmining@hotmail.com

Name of 2nd Member/Manager: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

If Business is a Partnership:
Name of Partner: _____
Business Address: _____
City, State, Zip: _____
Phone: _____ Fax: _____
E-mail Address: _____

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5. **Ownership of Land Surface:**

Private (Fee) ■ Public Domain (BLM) ■ National Forest (USFS) ■
State Trust Land/School Sections ■ State Sovereign Lands ■
Other (please describe): _____

Name Northstar Mines LLC Address 35 Mammoth Main St. P.O. Box 190 Eureka, UTAH 84628

Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

6. **Ownership of Minerals:**

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Private (Fee) ■ Public Domain (BLM) ■ National Forest (USFS) ■
State Trust Land/School Sections ■ State Sovereign Lands ■
Other (please describe): _____

Name Northstar Mines LLC Address 35 Mammoth Main St. P.O. Box 190 Eureka, UTAH 84628
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

BLM Lease or Project File Number(s) and/or USFS assigned Project Number(s): N/A

BLM Claim Numbers N/A

Utah State Lease Number(s): N/A

Name of Lessee(s) N/A

7. **Have the above surface and mineral owners been notified in writing?**
Yes X No _____

If no, why not? _____

*Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration **prior** to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

8. **Does the Entity have legal right to enter** and conduct mining operations on the land covered by this notice? Yes X No _____

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II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. **Project Location** (legal description):

County(ies): _____

SE 1/4, of NW 1/4, of SW 1/4: Section: 30 Township: 10S Range: 2W
SW 1/4, of NE 1/4, of SW 1/4: Section: 30 Township: 10S Range: 2W
NW 1/4, of NE 1/4, of SW 1/4: Section: 30 Township: 10S Range: 2W
NE 1/4, of NE 1/4, of SW 1/4: Section: 30 Township: 10S Range: 2W

UTM East _____ (if known) UTM North _____ (If known)

Name of Quad Map for Location: Eureka

2. **Location and Operations maps** must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, scale, appropriate labels, and title box including the mine name, township, range and section.
   a. The **general location map** must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads.
   b. The **operations map** (1"=200' or other scale as determined necessary by the Division) must be labeled and identify:
      i. The area to be disturbed;
      ii. The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and
      iii. Any adjacent previous disturbance for which the operator is not responsible.

(Contact the Division for a list of consultants and land surveyors for mapping assistance.)

3. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. OPERATION PLAN (Rule R647-3-106)

1. **Type of mining:** Surface ■ Underground ■

2. **Mineral(s) to be mined:** Halloysite Clay

3. **Amount of material** to be extracted, moved, or proposed to be moved: _____
   10,000 tons

4. Will any **water, liquid chemicals, reagents, or other solutions** be used, produced or discharged as part of the mining or milling process?
   Yes ■ No ■ If yes, please describe (add extra pages if needed) _____
   Absolutely not

5. Provide a brief **description of the proposed mining operation** and onsite processing facilities (add extra pages if necessary). _____
   Open pit mining with bulldozer and track hoe. Loading trucks for transport.

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6. ▪ **New Road(s)**: Length N/A (ft) Width N/A (ft)

7. ▪ **Improved Road(s)**: Provide a description of the improvements that need to be made to existing roads to access the site, including the Length N/A (ft) and Width N/A (ft) of improvements.

8. Total project surface **acreage to be disturbed**: 4.92 (acres) PLEASE SPECIFY EXACT ACREAGE - *(this will be used to determine surety bond amount – see #VI)*.

9. Proposed **startup date** (month, year) March, 2009

10. Proposed **completion date**, if known (month, year) Unknown

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah, available at www.ogm.utah.gov.

1. *Keep the mining operation in a safe, clean, and environmentally stable condition.*
2. *Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.*
3. *Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.*
4. *Construct berms, fences, or barriers, when needed, above highwalls and excavations.*
5. *Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.*
6. *Remove all waste or debris from stream channels.*
7. *Dispose of any trash, scrap metal, wood, machinery, and buildings.*
8. *Conduct mining activities so as to minimize erosion and control sediment.*
9. *Reclaim all roads that are not part of a permanent transportation system.*
10. *Stockpile topsoil and suitable overburden prior to mining.*
11. *Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.*
12. *Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.*
13. *Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)*
14. *Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.*

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance request must be approved in writing by the Division

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measure to be utilized. Written approval from the Division will be given, if the proposed alternative methods to be used are consistent with the Act.

Are variances being requested? Yes ■ No ■

1st Variance Requested

_____ _____

Item # Applicable Rule # (i.e. R647-3-109.10 (if you did not want trenches & pits reclaimed)

Justification: _____

Alternate methods or measure to be utilized: _____

_____

2nd Variance Requested

_____ _____

Item # Applicable Rule #

Justification: _____

Alternate methods or measure to be utilized: _____

_____

3rd Variance Requested

_____ _____

Item # Applicable Rule #

Justification: _____

Alternate methods or measure to be utilized: _____

_____

Attach additional page if more variances are requested.

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. **Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.**

I have provided or will provide surety in the form of:

■ Certificate of Deposit ■ Letter of Credit ■ Surety Bond ■ Cash (certified funds)

■ Other _____ (please identify) _____ undecided

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VII. PERMIT FEE (Utah Code Ann. §40-8-7(1)(i))

A permittee's authorization under a notice of intention to conduct small mining operations shall require the paying of permit fees as authorized by the Utah Legislature (R647-3-102.5). Permit fees are assessed to new and existing small mining operations, and annually thereafter, until the project disturbances are successfully reclaimed by the Permittee / Operator and released by the Division.

Small Mine Notices require a $150.00 fee, which must accompany this application, or the Division cannot process it.

VIII. SIGNATURE REQUIREMENT

(Please check the box if applicable and place your initials on the line provided)

SMH ■ I have enclosed the required permit fee.

_____ ■ I have enclosed/requested a Reclamation Contract (Form MR-RC) and the appropriate reclamation surety amount or have made arrangements as to when the surety will be furnished.

SMH ■ I understand that I am not authorized to create any surface disturbance until the surety amount is posted and approved in writing from the Division of Oil, Gas and Mining and any other authorized regulatory agency.

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

a. I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND
b. I commit to the reclamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.
c. **This certification must be signed by:** (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; **or** (4.) the member or manager if applicant is a limited liability company.

Signature: Spenst Hansen Date: Jan 20, 2009

Name (typed or printed): SPENST HANSEN, for Northstar Mines LLC

Title/Position (if applicable): Manager

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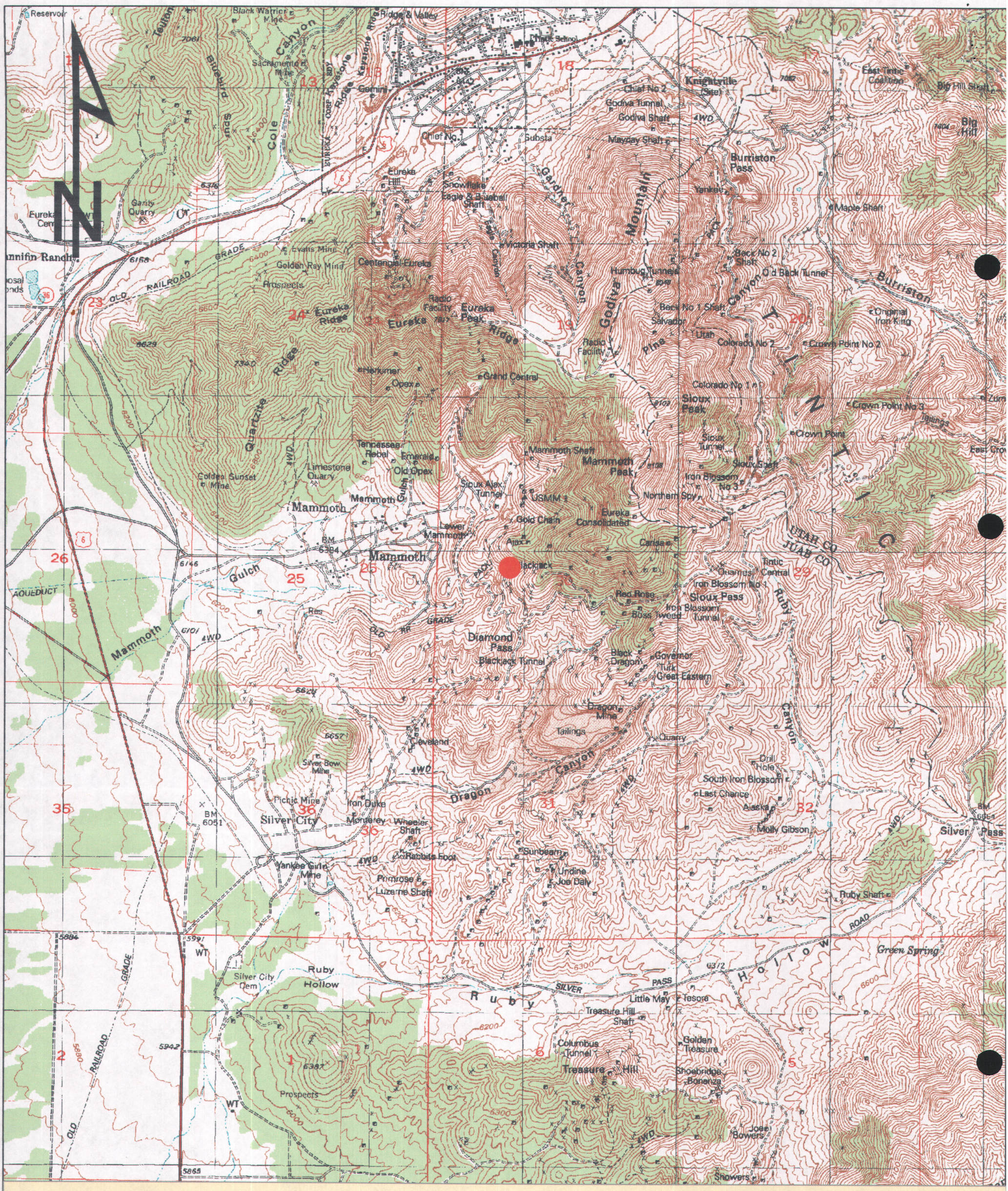

NORTHSTAR CLAY MINES, INC.

35 MAMMOTH MAIN STREET
P.O. BOX 190
EUREKA, UTAH 84628

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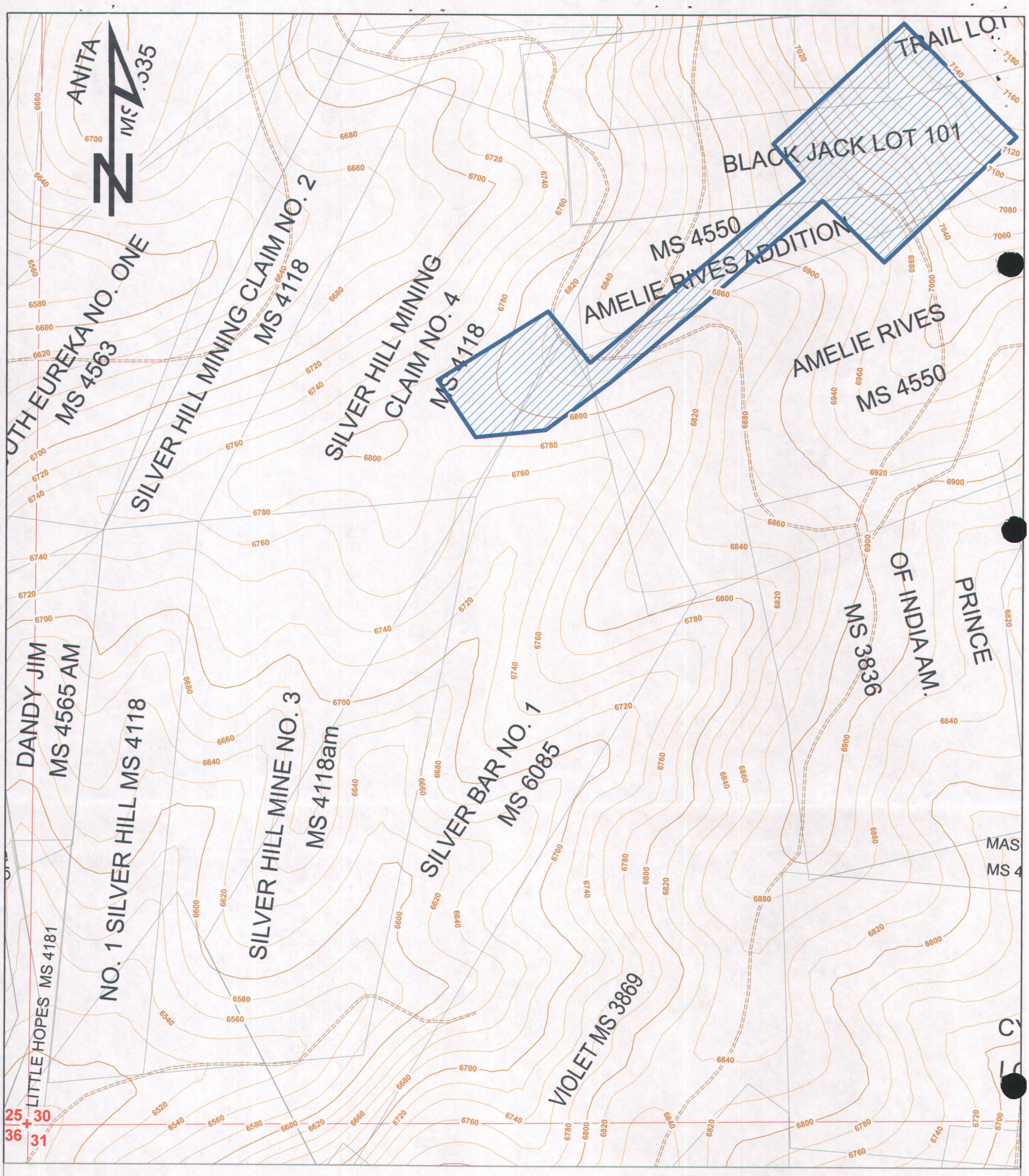
GENERAL LOCATION MAP

Blackjack 5 acre, small mine operation -
Data taken from USGS 7.5 min maps.

1 inch = 2,000 feet

0 1,000 2,000 4,000 6,000 8,000 10,000 Feet



Northstar Clay Mines, Inc.

BLACKJACK CLAY MINE OPERATIONS MAP

Location of proposed small mine operation

Map compiled from data obtained from the Utah.gov website. The clay ore to be removed is from pre-1967 dumps consisting of previously mined waste material. Clay ore will also be obtained from open pit mine operations adjacent to the existing dumps. After the operations are complete, the land will be reclaimed and reseeded

SW 1/4 of Section 30, T10S, R2W, SLM

- Northstar Clay Mines, Inc. Proposed Mine Area
- Roads
- 30 — Section boundary with number

1 in = 200 ft

0 100 200 400 600 800 1,000 Feet