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State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)

RECEIVED
NOV 1 8 1996
DIV. OF OIL, GAS & MINING

November 13, 1996

Robert L. Harris
278 West Main
Delta, Utah 84624

RE: Designation of Operator and Notice of Intent to Commence Small Mining Operations ML-19890, E½NW¼, Section 36, T. 40 S., R. 8 W. SLB&M

Dear Mr. Harris:

The School and Institutional Trust Lands Administration is in receipt of a faxed copy of the designation of operator signed by Olga Berry, the current lessee, granting you the rights to conduct operations on Gemstone/Fossil lease ML-19890. A phone call to Ms. Berry on November 13, 1996, confirmed her intentions to allow you to conduct such operations. Could you please submit the original copy of the designation of operator as evidence in the records that the lessee has granted you operation rights.

The Trust Lands Administration has also received a faxed copy of your notice of intent to commence mining operations on the leased premises. The Trust Lands Administration would also like an original copy of the notice of intent for its records with the supplemental information included as outlined under section (b) of information required by the Trust Lands Administration when filing a notice of intent to commence mining. I have included a copy of the information required in a notice of intent; please address all relevant information under section (b) for mining and mineral resource extraction.

As we discussed during the field inspection of November 7, 1996, your operations will involve reopening the Mark Johnson site that is located near the NW corner of the NE¼NW¼ of section 36. On the enclosed map I have identified the location of the area on which you wish to conduct your mining operation. If you prefer to operate in a different location you must submit a map showing that location.

As your operations will involve excavations at a site where there have been previous disturbances you will not be required to conduct a cultural resource survey. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical, or paleontological remains be encountered during your operations you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

UTAH CENTENNIAL 1896-1996

You have indicated that one half (½) acre will be disturbed in the course of executing you present mining plan. Before you commence with your mining plan the Trust Lands Administration will require a bond in the amount of $ 2,000.00 for reclamation of mine related disturbances of one half (½) acre. Should your operations exceed one half (½) acre you will be required to submit additional bonding in the amount of $ 5,000.00 for each acre of surface disturbance. Bonds may be accepted in any of the following forms:
a) Surety bond with an approved corporate surety registered in the state of Utah.
b) Cash deposit.
c) Certificate of deposit in the name of the School and Institutional Trust Lands Administration and Lessee, with three signatures required, two signatures will be those of the Trust Lands Administration and one of the Lessee's. Two signatures will be required to collect on the certificate of deposit. The certificate of deposit must be issued by an approved state or federally insured banking institution registered in Utah. The certificate must have a maturity date no greater than 12 months, be automatically renewable and be deposited with the Trust Lands Administration.

As part of your mine development you will be required to maintain the natural course of drainage for any water run-off that may occur in the mined area. This will involve creating a path for natural drainage along ravines that have been blocked as a result of past mining in the area.

As you know the Trust Lands Administration has been investigating the cost effectiveness of maintaining a gemstone/fossil leasing program and to date the administration has not been satisfied with the results. As the operator of gemstone/fossil lease ML-19890 you will be required to keep full and accurate records of the material removed from the leased premises and the lessee will be required to fully comply with the terms of the lease agreement which includes timely and accurate reporting and paying all production royalties. Performance under the terms of the lease will insure the continuance of the gemstone/fossil leasing program.

Trust Lands Administration approval to commence exploration or mining does not alleviate the necessity to comply with the requirements of the Division of Oil, Gas and Mining. You must contact them and comply with their requirements before commencing with any exploration or development. The address of the Division of Oil, Gas and Mining is 1594 West North Temple, Suite # 1210, P. O. Box 145801, Salt Lake City, Utah 84114.

Final approval for commencement for your mining activity will be granted upon receipt of the required bond and the requested supplemental information.

If you have any questions please contact me.

Sincerely

William M. Stokes
Minerals Resource Specialist