State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
http://www.trustlands.com

Olene S. Walker
Governor

Kevin S. Carter
Director

S/025/012

December 8, 2003

Mark Carter
MMG Mining
3655 Lupin Way
St. George, UT 84790

RECEIVED
DEC - 9 2003
DIV OF OIL GAS & MINING

CERTIFIED MAIL # 7106 4575 1292 2028 4553

RE: ML 46614-Clay

Dear Mr. Carter:

The Trust Lands Administration is aware of recent mining activity upon the lands within the above numbered lease. Article VI of the terms and conditions of the lease require Lessee to submit a certified statement of production and payment of royalties to Lessor not later than the last day of the month next succeeding the month in which production occurs. Production consists of mining and removing the leased substances from the leased lands. Lessee has failed to timely report any production and is in breach of Article VI of the lease.

Lessee is hereby requested to immediately submit a full and detailed account of all production occurring from the leasehold by MMG Mining since the time that MMG acquired the lease, June 1997. I am enclosing herewith a production report form that you may duplicate for additional copies. Please fill out one report form in detail for each month in which production occurred from the leased lands. Lessee should also indicate the months in which production did not occur.

Failure of Lessee to respond to this request within the next thirty (30) days may result in cancellation of ML 46614 and other actions by the Trust Lands Administration to recover losses to the trust. Please contact me if you have any questions.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Tom Munson