Mine file LB
W. Hedberg

WESTERN STATES MINERALS CORPORATION

DOGM MINERALS PROGRAM FILE COPY

May 25, 1990

Mr. Lowell P. Braxton
Associate Director, Mining
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: Drum Mine, M/027/007; Unauthorized Leaching of Ore

Dear Mr. Braxton:

As you know, on October 12, 1988, Western States Minerals Corporation (WSMC) sold its interest in the Drum Mine to Jumbo Mining Company without warranty of any kind, and WSMC and Jumbo now are in dispute over which bears responsibility for reclamation. WSMC contends that,pursuant to the sale agreement, Jumbo Mining is obligated to post a reclamation bond and secure a Notice of Intention to conduct mining operations for the Drum Mine site. Despite these contractual obligations, Jumbo Mining Company has denied responsibility for reclamation of various portions of the mine site including heap leach pads number 7 H.G. and 2 L.G. Jumbo Mining Company has not posted a reclamation bond, and accordingly has not received an approved Notice of Intention to conduct mining operations for these pads.

We have been informed that Jumbo Mining Company now intends to initiate "test" leaching of pads number 7 H.G. and 2 L.G. During the sixty-day test leaching, Jumbo Mining will add large quantities of cyanide solution to the heaps, and will benefit by extracting the gold from the pregnant solution flowing out of the heaps.

This test leaching is equivalent to conducting mining operations, and should be prohibited until Jumbo Mining files a proper reclamation bond, receives an approved Notice of Intention, and WSMC's bond is released. Presently, WSMC's reclamation bond is posted for these two pads because of Jumbo Mining's failure to honor its obligations. Under the present circumstances, if Jumbo Mining Company initiates this leaching without an approved Notice of Intention, it will be a clear violation of the Mined Land Reclamation Act.

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Jumbo Mining's stated intention to test these pads is a clear admission that these pads were transferred to Jumbo Mining in the sale described above, and that Jumbo Mining is responsible for their reclamation. Accordingly, we expect the Division of Oil, Gas and Mining (DOGM) to demand immediately from Jumbo Mining the proper reclamation bond and approved Notice of Intention before permitting the test leaching. Moreover, if Jumbo mining goes forward with its plans for unpermitted mining operations, we expect the DOGM to move aggressively to stop that activity. By copy of this letter directed to the Bureau of Land Management, we request its assistance in the proper enforcement of this matter.

Sincerely,

Western States Minerals Corporation

Frank Filas
Environmental Engineer

cc: Don Ostler, BWPC
Phil Allard, BLM
E.B. King, JMC
Stephen D. Alfers
Steven Clyde