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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 16,2010

Certified Return Receipt
7004 1160 0003 0190 4444

Alan Newman
P.O. Box 150276
Ely, Nevada 89315

Subject: Deficient Reclamation Surety, Alan Newman, New 6 Quarry, S/027/0111, Millard County, Utah

Dear Mr. Newman:

The Division of Oil, Gas and Mining is holding a cash reclamation surety of $12,000 for the New 6 quarry. This surety was due for review on September 5, 2009. A recent inspection of the site indicated an area of disturbance of about four acres. The Division has recalculated the surety based on the area of four acres to be:

$20,600 escalated for 3 years (surety amount next reviewed in 2013) OR
$20,700 escalated for 5 years (surety amount next reviewed in 2015)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Small Mining Operation Notices

Project Size (Acres)	**Surety 3 & 5 year escalation 2010**	Comments
1 or less acres	$7,400 (3-year escalation) $7,500 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	$4,400/ acre (3-year escalation) $4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = $7,400 +$17,6200 = **$25,000) (3-year escalation)** (i.e. Maximum of 5 acres = $7,600 +$17,600 = **$25,100) (5-year escalation)**	$100.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.

The amounts listed above are estimates for field conditions that the Division usually expects to be present at small mines. As part of the review process, the Division will evaluate reclamation costs and set the bond amount so that the Division could reclaim the site in the event of bond forfeiture.

Based on the recent site inspection, the Division has determined that you must post additional surety in the amount of:

$8600 for 3–year escalation OR
$8700 for 5-year escalation

Reclaiming a portion of the property can reduce the required bond amount. If the entire site is reclaimed, the Division would need to continue holding a portion of the reclamation surety until revegetation success standards were met. The amount of surety required would vary if you decided to reclaim a portion of the site, but this would also require that you amend the Notice of Intention to Commence Small Mining Operations (NOI) to reflect the reduced acreage.

If you choose not to amend the NOI or to reclaim as discussed above, we will expect the increased surety amount to be filed with the Division no later than July 14,2010. Failure to do so may result in withdrawal of your NOI and forfeiture of the surety.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or John Rogers at 801-538-5349.

Sincerely,

Paul Baker
Mining Coordinator
Minerals Regulatory Program

PBB:jr:pb
cc: Jerry Mansfield jerry_Mansfield@blm.gov
opie_abeyta@blm.gov
Penny Berry
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