Michael O. Leavitt
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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 29, 1999

Tony Bates
Umetco Minerals Corporation
P.O. Box 1029
Grand Junction, Colorado 81502

Re: Period of Suspension, Umetco Minerals Corporations (Umetco), Deremo-Peterson Mine M/037/025, Wilson-Silverbell Mine M/037/027, Calliham Mine M/037/023, San Juan County, Utah

Dear Mr. Bates:

The purpose of this letter is to discuss the suspension status for these three Umetco operations in Utah as they relate to the Minerals Rules section R647-4-117, Notification of Suspension or Termination of Operations. According to this section of the rules a suspension of mining operations which is expected to exceed five years requires prompt written notification to the Division. This section of the rules states that reclamation of a large mining operation may be required after five years of continued suspension.

Due to an oversight, the Division did not act on earlier information from Umetco's annual reports regarding the suspension status of these operations. Based on the annual reports received by the Division, the Wilson-Silverbell Mine was placed on stand-by status in April 1990, and the Deremo-Peterson was placed on stand-by in November 1990. According to the annual reports the Calliham Mine went into a stand-by status in December 1991. The Division failed to notify Umetco of the permitting requirements for extended suspension periods after receiving these annual reports. On March 23, 1998, the Division received formal notification of suspension letter for the Deremo-Peterson Mine, the Wilson Silverbell Mine, and the Calliham Mine.

Application of the rule for Notification of Suspension or Termination of Operations using the dates from the annual reports would prescribe the following time frames for these three mines.

Wilson-Silverbell: end of 10-year suspension and required reclamation by April 2000

Deremo-Peterson: end of 10-year suspension and required reclamation by November 2000

Calliham: end of 10-year suspension and required reclamation by December 2001

According to Rule R647-4-117 (4) "The Division will require complete reclamation of the mine site when the suspension period exceeds 10 years, unless the operator appeals to the Board prior to the expiration of said 10-year period for a longer suspension period." If Umetco wishes to extend the suspension time frames for any of these mines beyond the dates listed above, please provide us with written notification. After receiving this notification we can provide you with additional guidance regarding a formal request for an extension from the Board of Oil, Gas and Mining. If you have any questions regarding this letter please contact me at (801) 538-5286, or Tony Gallegos at (801) 538-5267.

Sincerely,

D. Wayne Hedberg

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: Mary Ann Wright, Associate Director of Mining
umetco.ltr