JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

March 8, 2005

Richard Schreiber
Tintic Utah Metals, LLC
Chief Gold Mines Inc.
1629 Locust Street
Philadelphia, Pennsylvania 19103-6304

Subject: Abatement Time for State Cessation Orders; MC-04-01-03(1), Tintic Utah Metals, LLC, Trixie West Exploration Project, E/049/046; MC-04-01-04(1), Tintic Utah Metals. LLC, Apex/Burgin Project, M049/009; and MC-04-01-05(1), Chief Gold Mines Inc., Trixie Shaft, M/049/024, Utah County, Utah

Dear Mr. Schreiber:

The Division extended the abatement timeframe for the above-referenced Cessation Orders to February 28, 2005, based on the Federal Court notice that the Consent Decree hearing was scheduled for January 24, 2005. Normally an abatement period cannot be extended beyond 90 days; however, where good cause is shown by the permittee an abatement period can be extended. We have not heard from you regarding the status of these mines. We are now aware that a settlement has been reached and are anticipating that the abatement of the above violations can now be completed.

As requested in today's phone conversation, I am providing you (listed below) a summary of the outstanding fines and fees associated with these violations. These should be taken care of as soon as possible in order to bring these operations into compliance and avoid any further actions.

Chief Gold Mines Inc., Trixie Shaft, M/049/024
Permit Fees outstanding for 2003 and 2004--- $1000.00
Proposed Assessment for Cessation Order MC-04-01-05(1)--- $1100.00

Tintic Utah Metals, LLC, Trixie West Exploration Project, E/049/046
Permit Fees outstanding for 2003 and 2004--- $300.00
Proposed Assessment for Cessation Order MC-04-01-03(1)---$1100.00

Tintic Utah Metals. LLC, Apex/Burgin Project, M049/009
Permit Fees outstanding for 2003 and 2004--- $2000.00
Proposed Assessment for Cessation Order MC-04-01-04(1)---$1100.00

The total of all fines and fees is $6,600.00. On November 4, 2004, the Division sent you a proposed assessment associated with the Cessation Orders. Under rules R647-7-106 & R646-7-107 you are allowed 30 days from the receipt of the proposed assessment to request a conference or hearing to review the fact of the violation or assessment. Our records indicate that you received the proposed assessment on November 8, 2004, and you should have requested a conference or hearing on or before December 8, 2004. We have no record showing such a request; therefore, under R647-7-108 the opportunity to appeal is past and the proposed assessment is now considered final.

The penalty in the amount of $3,300 and the permit fees totaling $3,300 are due and payable. Please remit payment to the Division, mail c/o Penny Berry.

Because the violations are still pending, the Division is contemplating further action. Options would include issuing "Failure to Abate" cessation orders, which carry a mandatory $750/ day fine for each violation or entering into bond forfeiture proceedings. We hope to avoid these situations if possible.

We look forward to a speedy resolution of this situation and wish you luck in revitalizing these sites. Please call me at (801) 538-5325 or Lynn Kunzler at (801) 538-5310 if you have questions.

Sincerely,

Daron R. Haddock

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

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