M/049/031

JON M. HUNTSMAN, JR.
Governor

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Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

September 6, 2005

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 4254

Mike Dalley
Staker & Parson Companies
151 West Vine Street
Murray, Utah 84107

Subject: Notice of Cancellation of Reclamation Surety, Staker & Parson Company, Beck Street Quarry (M/035/019), Lehi Quarry (M/049/031) and Keigley Quarry (M/049/001), Utah County, Utah

Dear Mr. Dalley:

On August 19, 2005 we received notification from XL Insurance that they will not renew the Surety Bonds posted as reclamation surety for Staker & Parson Company's, Keigley Quarry, Lehi Quarry, and Beck Street Quarry. They stated:

- the $300,000 bond for the Beck Street Quarry will be canceled effective December 4, 2005,
- the $615,500 bond for the Keigley Quarry will be canceled October 15, 2005, and
- the $456,300 for the Lehi Quarry surety will be canceled October 28, 2005.

It is required under contract that the surety furnish the Division with 90 days notification prior to canceling; therefore, we will not accept the October 15 and 28, 2005 deadlines; the bonds **cannot** be canceled any earlier than November 19 and 23, 2005.

The Utah Mined Land Reclamation Act requires an adequate surety be maintained for all large mining operations until the mine site is successfully reclaimed, and released. We understand that you are in the process of replacing the surety. You are reminded that we must receive a replacement form of surety prior to the cancellation date. Until replacement, the current surety continues to be liable for reclamation of all disturbances made prior to the date of termination.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
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Mining operations must cease on the date of cancellation if replacement surety has not been received, processed and approved.

Please contact me at (801) 538-5258 or Beth Ericksen at 538-5318 to discuss this situation further and to inform us of your intentions. Thank you for your consideration and prompt attention to this important permitting requirement.

Sincerely,

Susan M. White

Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:jb
cc: Ellen D. Stives, Attorney-in-Fact, XL Insurance
Marsh USA Inc. of Utah, Agent for XL Insurance
Steve Alder, Assistant Attorney General
Mary Ann Wright, DOGM
Bond file
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