10,601

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

RECEIVED
JUL 11 2014
IVIE & YOUNG

July 8, 2014

RECEIVED
JUL 25 2014
DIV. OF OIL, GAS & MINING

CERTIFIED RETURN RECEIPT
7011 2970 0001 8828 9999

Sherman C. Young
226 W. 2230 N.
Provo, Utah 84604

Subject: Evaluation of Reclamation Sureties, Delinquent Permit Fee Notices and Operational Status Requests; Chief Consolidated Mining Company; Lime Peak Quarry and Tintic Operations; M/049/0047 and M/49/0062; Utah County, Utah

Dear Mr. Young:

The Division of Oil, Gas and Mining (Division) is contacting you because you are the listed resident agent representing Chief Consolidated Mining Company (Chief) on the database for the Utah Division of Corporations. According to the Division's records, the two large mine operations listed above have not paid permit fees for 2014. The statement sent to Chief on January 20, 2014, was returned by the Postal Service.

Mining operations require a financial surety, typically in the form of cash, a letter of credit, a certificate of deposit, or a surety bond. In the event that the operator cannot complete the necessary reclamation of the mine, the Division has the finances to complete the reclamation.

The last reclamation cost estimates were completed in 2005 and 2006 for the Lime Peak and Tintic Operations mines, respectively, and were escalated to 2010 and 2011 dollars, so the reclamation surety amounts are now overdue for adjustment. The Division has adjusted the amounts for the reclamation sureties based on actual escalation (or de-escalation) rates and has projected the amounts five years into the future at an annual rate of 1.9 percent. The table below lists the outstanding permit fees owed and the calculated reclamation costs calculated to 2019 dollars.

SENT VIA E-MAIL
DATE 7/11/14
Gordon Blankstein

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR
OIL, GAS & MINING

Mine Name	2014 Permit Fee	Surety Type	Current Surety Amount	Required Surety Amount	Additional Bond Funds Required
Lime Peak Quarry	$500	Cash	$106,800	$115,600	$8,800
Tintic Operations	$1,000	Cash	$488,309	$520,400	$32,091

Please remit the overdue permit fees no later than August 1, 2014. The additional surety amounts need to be received by September 2, 2014. Failure to do so may result in enforcement action which could include fines, withdrawal of the Notices of Intention, and an order to reclaim immediately.

Please contact Penny Berry at 801-538-5291 or by e mail at pennyberry@utah.gov for information about submitting the increased sureties.

Please provide information about mining activities at these two sites. The Division has received limited annual reports. Division records indicate the last mining activity at the Lime Peak Quarry was in 2007, and mining ceased at the Tintic Operations in 2002. Rule R647-4-117.3 requires that the operator give the Division prompt written notice of a termination or suspension of large mining operations expected to exceed five years. The Division will need to conduct an inspection of the property and may require reclamation after five years of continued suspension.

Thank you for your cooperation. Please call April Abate at 801-538-5214 or me at 801-538-5261 if you have questions about this letter.

Sincerely,

April Abate for ...

Paul B. Baker
Mining Program Manager

PBB:aa:pb
cc: Peggy Kelsey, Utah County, peggyk@utahcounty.gov
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P:\GROUPS\MINERALS\WP\M049-Utah\M0490062-ChiefConsolidated\final\directive-07022014.doc

CHIEF CONSOLIDATED MINING, LLC 11/11
15988 SILVER PASS ROAD
PO BOX 51
EUREKA, UT 84628
435-433-6606

JPMORGAN CHASE BANK, NA
97-154/1240

10633

7/21/2014

ORIGINAL CHECK
ROUTED TO ACCOUNTING

PAY TO THE ORDER OF State of Utah $**1,500.00

One Thousand Five Hundred and 00/100********** DOLLARS

State of Utah
DEPT. OF NAT. RESOURCES
DIV. OF OIL, GAS + MINING
1594 W. NORTH TEMPLE, SUITE 1210
BOX 145801, SALT LAKE CITY, UT. 84114

M/049/0047 AND M/049/0062
LIME PEAK QUARRY AND TINTIC OPER.

MEMO Two permit fees;Div. Oil,Gas,Mining

Michael R. Carter MP

Chief Consolidated Mining, LLC 10633

State of Utah 7/21/2014

Two permit fees for M/049/0047 and M/049/0062;Lim 1,500.00

LIME PEAK 500.00
TINTIC OPERATIONS 1000.00
1500.00

Checking - JP Morgan Two permit fees;Div. Oil,Gas,Mining 1,500.00

RECEIVED
JUL 25 2014
DIV. OF OIL, GAS & MINING