S/053/019

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

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June 7, 1994

CERTIFIED MAIL NO. P 051 448 261

Feller Holding Corporation
1051 North 100 West
St. George, UT 84770

RE: ML 45109 BSLS; S/053/019 Washington County
ML 45496 BSLS; S/053/024 Washington County
ML 45500 BSLS; S/053/023 Washington County

Gentlemen:

Article XII in each of the above numbered leases provides that after Lessor receives notice of intent to commence mining operations, upon request of the Lessor, the Lessee shall furnish a bond to be determined by the Lessor. The bond is primarily held for reclamation of the mined lands but is also conditioned upon payment of lease rentals and royalties which may become due the state.

The division has received notice of intent from Feller Holding Corp. to commence mining operations upon each of the above numbered leases. Lessor hereby requests that Lessee submit a separate $5,000 surety bond for each of the above numbered leases.

The surety bonds must utilize the enclosed Bond of Lessee forms. Alternatively, you may submit a short term renewable time CD in the amount of $5,000, from a Utah banking institution, for each lease, providing that the division is listed a joint owner of the CDs.

Failure to comply with this request within the next 30 days may subject the leases to cancellation by the division.

Thank you for your cooperation. Please contact me if you have any questions.

Sincerely,

John T. Blake

JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw
cc: Wayne Hedberg