5/053/019

State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor
David T. Terry
Director

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RECEIVED
AUG 20 1996
DIV. OF OIL, GAS & MINING

August 19, 1996

CERTIFIED MAIL NO. P 879 601 512

Feller Holding Corp.
1203 West Sunset
St. George, UT 84770

5/053/027 Juab 5/053/019 Washington 5/053/023

RE: Cancellation of ML 43753, ML 45109 and ML 47175--Building Stone/Limestone Leases

Gentlemen:

By letter of June 10, 1996, the School and Institutional Trust Lands Administration requested in accordance with Article XII of the terms and conditions of the above numbered leases that Lessee provide additional bonding within 30 days. Lessee's failure to respond was a breach of Article XII of the leases. On July 11, 1996, pursuant to Article XX, Lessor notified Lessee of the breach in Article XII and required Lessee to make remedy within 30 days. Lessee failed to make remedy and the leases came subject to forfeiture.

On August 14, 1996, the director canceled each of the above numbered leases. All rights of the Lessee to enter upon the lands and extract stone or other leased substances are terminated. Any outstanding royalties accruing to the Lessor must immediately be submitted to avoid interest penalty.

Certificate of Deposit #3681, in the amount of $2,500, in the name of Feller Holding Corp. & State of UT Dept. Of Natural Resources Div. Of State Lands & Forestry, @ Sun Capital Bank in St. George, Utah, is currently of record with the Trust Lands Administration. The CD may only be released by the State upon satisfactory completion of mined land reclamation of the lands under ML 43753 and the payment of any outstanding royalty accruing to the State.

Please immediately reclaim any disturbances to the lands under ML 43753 pursuant to your July, 1991, Notice of Intent, and any other surface disturbances for which you may be responsible upon any of the canceled leases. Please contact me if you have any questions in this matter.

Sincerely,

John T. Blake
Mineral Resources Specialist

CC: Jim Cooper
Ron Carlson
Tom Munson
Sun Capital Bank

UTAH CENTENNIAL 1896-1996