

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



January 14, 2014

Demetrio Valdez
Valle Escondido
P.O. Box 84
Conejos, CO 81129

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

**RE: Name Change, Transfer of Permit and Succession of Operator,
Valle Escondido, Valdez Gravel Mine, Permit No. M-1991-133**

Dear Mr. Valdez:

In response to your inquiry regarding the name of the permit holder of M-1991-133, I have reviewed the available records and have determined the permit is held by Valle Escondido. Valle Escondido is named on the permit document, the performance warranty and the financial warranties. A copy of the permit document is enclosed for your reference.

Therefore, if you wish to change the Permittee's name from Valle Escondido to Valle Escondido Ranch, you must properly execute a request for transfer of the permit and succession of operator. A copy of the appropriate application is enclosed. Additional copies of the application for transfer of permit and succession of operator is available through the Division's web site, <https://mining.state.co.us>.

Please submit the completed application form and the review fee (\$144) to the Division's office in Denver at 1313 Sherman Street, Room 215, Denver, Colorado 80203.

Sincerely,

Wallace H. Erickson

Environmental Protection Specialist

Enclosures: 1) Permit issuance document, dated April 26, 1993; and
2) Request for transfer of mineral permit and succession of operators application packet

Ec w/enclosures: Demetrio Valdez, Valle Escondido
Russ Means, DRMS GJFO



DIVISION OF MINERALS AND GEOLOGY
Department of Natural Resources

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April 26, 1993

Ms. M. Elizabeth Garcia
The Garcia Law Offices
714 South Street - P.O. Box 509
Manassa, CO 81141



Roy Romer
Governor

Michael B. Long
Division Director

Re: M-91-133, Valdez Gravel Mine, Permit Issuance

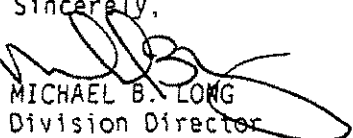
Dear Ms. Garcia:

On April 20, 1993, the Division of Minerals and Geology found Valle Escondido to have satisfied the applicable requirements of C.R.S. 34-32-101 et seq. for obtaining a mining and reclamation permit. Therefore, a permit is being issued. Two signed originals of the permit have been executed. We have kept one copy for our files and are enclosing one copy for your use. Please read the terms of the permit. It is your responsibility to comply with all of the terms of the permit. As a reminder, here are a few things we feel are important.

1. All of the original application materials, as amended and supplemented, are an integral part of your permit. They have been incorporated into the permit by reference. We presume that you have a copy of all of these materials; therefore, none have been enclosed with this mailing. We suggest that you keep a copy of the permit and the permit application at the mining operation as a reference for operating personnel, to help ensure compliance with the terms of the permit.
2. Changes in the mining and reclamation operations that differ from those described in the permit may require a revision to the permit. We suggest consulting the Minerals Rules and Regulations and/or contacting us to determine if a revision to the permit is necessary. Rule 1.8 pertains to Amendments, Rule 1.9 to Technical Revisions, and Rule 1.10 to Conversions.
3. On your permit anniversary date each year, April 20, you must submit an annual fee and an annual report to us. The annual fee for this permit is \$550.00. Please consult Rule 3.4 for 110 Permits, and Rule 2.4 for 112 Permits, and Statute Section 34-32-116(1)(a) for 111 Permits, for the specific annual report requirements applicable to your mine.

If you have any questions, please contact me.

Sincerely,


MICHAEL B. LONG
Division Director

MBL/HHP/ern
Enclosures 3348G

STATE OF COLORADO

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Roy Romer
Governor
Michael B. Long
Division Director

MINING AND RECLAMATION PERMIT - MINERALS OTHER THAN COAL

Permit Number: M-91-133
Type of Permit: 112

Permit Date: April 20, 1993
(Anniversary date for
annual report and fees
purposes)

THIS PERMIT is issued by the Mined Land Reclamation Board, Department of Natural Resources, State of Colorado.

RECITALS

A. Valle Escondido (the "Operator") desires to conduct a mining operation known as Valdez Gravel Mine, for the purpose of extracting gravel.

B. On November 20, 1992, the Mined Land Reclamation Board (the "Board") approved the Operator's application for this permit, fixed the amount of the financial warranty and directed that this permit be issued upon the filing with the Division of Minerals and Geology (the "Division") of performance warranty and financial warranty (or warranties) in the amount so fixed in form and substance approved by the Division. Said warranties have been filed with the Division.

C. On November 20, 1992, the Board made the following findings:

1. The application for this permit complies with the requirements of the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et seq., as amended, and with all applicable local, state and federal laws;

2. The operation will not adversely affect the stability of any significant, valuable, and permanent man-made structure located within two hundred feet of the Affected Land, except where there is an agreement between the Operator and the persons having an interest in the structure that damage to the structure is to be compensated for by the Operator; and

3. The proposed mining and reclamation operations can be carried out in conformance with the requirements of the Act.

D. The Operator has made a showing satisfactory to the Board: 1) that it will employ, during and after its underground mining and/or surface operations, procedures designed to minimize environmental disturbance from such operation; 2) that it will provide for reclamation of the Affected Lands appropriate to the subsequent beneficial use of such lands; and 3) that, in the event of the failure of its proposed reclamation plan, it will take whatever measures may be necessary to assure the success of reclamation of the lands affected by such operations in accordance with the Act.

E. A copy of the Operator's application, as amended and supplemented, has been approved by the Board and is, by this reference, incorporated herein.

F. The Mined Land Reclamation Board advises the Permittee that all mining operators must comply with all applicable Federal, State and County statutes, including State water law.

GRANTS, CONDITIONS AND AGREEMENTS

The Board, in reliance upon the representations and promises made in the permit application, as amended and supplemented, and the performance warranty, hereby issues a life of the mine permit to the Operator, to engage in the operations described in the application on certain lands lying in the County of Conejos, State of Colorado. These lands are described in the permit application, as amended and supplemented, and are referred to herein as the "Affected Lands".

This permit is issued subject to the following conditions and agreements:

1) The Operator will be bound by all applicable requirements of the Act, and all applicable rules and regulations of the Board, as amended from time to time, the terms of the permit application, the terms of the performance warranty, and the terms of the financial warranty filed with the Division.

2) The Operator will file with the Division its annual report and fees on each anniversary date of this permit.

3) If analyses of the mining and reclamation operation and the data collected through monitoring and experimentation by the Operator or monitoring by the Division indicate that the operation will not be able to comply with the requirements of the Act and applicable rules and regulations of the Board, the Operator hereby agrees to exercise its best efforts, after consulting with the Division, to modify the plans to correct such deficiencies in the future. Such modifications may require technical revisions or amendments to the permit.

4) The Board, or its authorized representative may enter upon the lands of the operator at all reasonable times for the purpose of inspection to determine whether the provisions of the Act have been complied with pursuant to C.R.S. 34-32-121.

5) This permit may be revoked or suspended for non-compliance with the Act or applicable rules or regulations promulgated by the Board.

6) a) Pursuant to 34-32-118(5) of the Act, the Board has a right of entry to reclaim the lands affected by the operation.

b) The Board will enter the lands to perform reclamation only if the Board has determined:

i. that reclamation required by law to have been performed upon such lands has not been performed, and

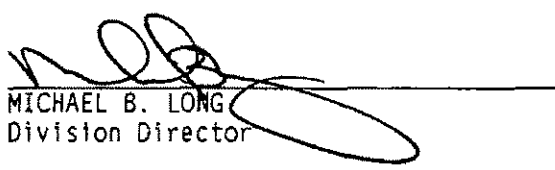
ii. that financial warranty forfeiture proceedings described in the Act or similar provisions of subsequent laws, if any, have been initiated.

7) The additional conditions set forth in the attached rider, if any, are incorporated herein by reference.

/ / a) Rider is attached.

/ XX / b) No rider is attached.

MINED LAND RECLAMATION BOARD
COLORADO DEPARTMENT OF NATURAL RESOURCES



MICHAEL B. LONG
Division Director

MBL/HHP/ern

3348G

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY
Department of Natural Resources

1313 Sherman St., Room 215
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REQUEST FOR TRANSFER OF MINERAL PERMIT AND SUCCESSION OF OPERATORS APPLICATION PACKET

The Mined Land Reclamation Board ("Board") has approved this Transfer of a Mineral Permit and Succession of Operators Application Packet pursuant to the Mined Land Reclamation Act (C.R.S. § 34-32-101 et. seq.) ("Hard Rock Act") and associated Rules (2 C.C.R. 407-1) ("Hard Rock Rules") and the Land Reclamation Act for the Extraction of Construction Materials (C.R.S. § 34-32.5-101 et. seq.) ("Construction Materials Act") and associated Rules (2 C.C.R. 407-4) ("Construction Materials Rules"). This Application Packet cannot be altered without the consent of the Board.

Applicability

This Transfer of a Mineral Permit and Succession of Operators Application Packet applies to mining operations where the current permitted mine operator ("Permittee") wishes to transfer the Reclamation Permit ("Permit"), along with all associated reclamation responsibilities and liabilities, to a Successor Operator ("Successor"). This process is referred to as a Succession of Operators ("SO").

Filing Requirements for SO Application

An SO Application is not complete until the Division of Reclamation, Mining and Safety ("Division") has received each of the six items listed below. The Board has authorized the Division to review SO Applications and to issue approvals and denials based on its review. The Division will not review incomplete Applications.

- 1) **Application Form:** An Application Form is included in this Application Packet. Please note that the Application Form must be fully completed, and must bear the original notarized signature of an authorized representative of BOTH the Permittee and the Prospective Successor.
- 2) **Application Fee:** If an Application concerns a Hard Rock or Designated Mining Operation, then a filing fee of \$115.00 must be submitted to the Division. See C.R.S. § 34-32-127(2)(a)(I)(L). If an Application concerns a Construction Materials operation, then a filing fee of \$144.00 must be submitted to the Division. See C.R.S. § 34-32.5-125(1)(a)(X). Make all checks payable to the "Colorado Division of Reclamation, Mining and Safety."

- 3) **Performance Warranty Form:** The party wishing to become Successor (“Prospective Successor”) must agree to assume all liability for the reclamation of affected land, and must provide a Performance Warranty covering the same. *See* C.R.S. §§ 34-32-119 and 34-32.5-119. A Performance Warranty Form is included in this Application Packet. The Performance Warranty Form must bear the original notarized signature of an authorized representative of the Prospective Successor.
- 4) **Financial Warranty:** The Prospective Successor must provide Financial Warranties sufficient to cover the cost of completing reclamation in compliance with the Permit, the applicable Act and Rules. *See* C.R.S. §§ 34-32-119 and 34-32.5-119. In order to ensure the adequacy of the Financial Warranties, the Division must recalculate the required Financial Warranty whenever it receives an SO Application. Depending upon the state of the operation and the outstanding reclamation work, the Successor may be required to post a higher (sometimes significantly) or lower Financial Warranty than the Permittee currently has in place.

The Division must act on all SO Applications within 30 days. *See* Hard Rock and Construction Materials Rule 1.12.1(2)(a). Since the Division cannot typically review the amount of the required Financial Warranty within this 30-day period, applicants have the following two options:

Applicants may waive their right to receive a decision within 30 days. If the applicants waive their right to a decision within 30 days, the Division will recalculate the required Financial Warranty *before* issuing its decision on the Application. As a result, the Prospective Successor will know, prior to becoming Successor, whether the current Financial Warranty is adequate to cover the reclamation liability, or if the Financial Warranty must be increased. In this case, the Prospective Successor must submit the full Financial Warranty as part of the Application.

Applicants may decide not to waive their right to a decision within 30 days. If the applicants choose not to waive their right to a 30-day review, the Division will review the Financial Warranty *after* issuing its decision on the Application. In this case, the Prospective Successor must submit a conditional replacement Financial Warranty in the amount of the Permittee’s current Financial Warranty as part of the Application.

If the Application is approved, the Division will conduct an inspection within 60 days to assess the amount of the reclamation liability. If the inspection reveals that the reclamation liability exceeds the amount of the conditional replacement Financial Warranty, the Successor must submit the difference within sixty days. Failure to meet this deadline may result in an enforcement action. If the inspection reveals that the reclamation liability is less than the conditional replacement Financial Warranty, the Successor may request a Financial Warranty reduction for release of the difference.

It is the applicants' right to receive a decision on their complete Application within 30 days. The applicants are free to choose whichever option they decide is best. Permittee and Prospective Successor must designate their decision on the attached Application Form.

- 5) **Demonstration of Legal Right to Enter:** All Permittees must provide a description of the basis for legal right of entry to the site and to conduct mining and reclamation. *See* Hard Rock and Construction Materials Rules 6.3.7 and 6.4.14. To comply with this requirement, the Prospective Successor must demonstrate that he/she/it has obtained a legal right of entry from any and all surface and mineral rights owners in the affected lands, independent of the current Permittee. *See* Hard Rock and Construction Materials Rules 6.3.7, 6.4.14, and 1.6.2(1)(e)(i). This may be a copy of an access lease, deed, abstract of title, current tax receipt, or a signed and notarized statement by the property owners stating that the Prospective Successor has a legal right to enter. *See* Hard Rock and Construction Materials Rule 6.3.7.
- 6) **Structure Agreements:** In many cases, operators must provide the Division copies of agreements to compensate the owners of any significant, valuable, and permanent man-made structures and utilities within 200 feet of the affected land ("Structure Agreements"). *See* Hard Rock Rules 6.3.12 and 6.4.20; Construction Materials Rules 6.3.12 and 6.4.19. If the Permittee was required to provide Structure Agreements, the Prospective Successor must obtain *new* Structure Agreements from each owner and provide copies of the same to the Division with the Application.

Application Review Process

The Division will grant an Application if it finds that all required information has been submitted, that the Prospective Successor is capable of assuming all responsibility for original permit by virtue of acceptable performance and Financial Warranties, and that the Prospective Successor has no outstanding violations. *See* C.R.S. §§ 34-32-119 and 34-32.5-119. If the Division does not act within 30 days from the date that a complete Application has been filed, the Application will be considered automatically approved. *See* Hard Rock and Construction Materials Rule 1.12.1(2). If an Application is denied, the Division will notify the Permittee and Prospective Successor no later than 10 days from the date it renders its decision. Both the Permittee and Prospective Successor may appeal a denial of an Application to the Board by submitting a written request for an administrative appeal hearing to the Board within 30 days of final decision date. *See* Hard Rock and Construction Materials Rule 1.4.11.

Application Checklist

- ☐ **Application Form:** Complete the form located on page 5.
- ☐ **Application Fee:** Include check payable to Colorado Division of Reclamation, Mining and Safety.
- ☐ **Performance Warranty:** Complete the form located on page 11.
- ☐ **Financial Warranty:** Submit the appropriate Financial Warranties or conditional replacement Financial Warranties using the forms posted on the Division's website (available online at <http://mining.state.co.us/Mineral%20Forms.htm>).
- ☐ **Demonstration of Legal Right to Enter:** Identify the owners of all surface and mineral rights, obtain the documentation described above, and submit to the Division.
- ☐ **Structure Agreements:** Obtain new Structure Agreements if Permittee had been required to do so.

STATE OF COLORADO

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Department of Natural Resources

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APPLICATION FORM FOR TRANSFER OF MINERAL PERMIT AND SUCCESSION OF OPERATORS

ADMINISTRATIVE INFORMATION

Permit Information

Permit Number: _____

Operation Name: _____

Permittee Information

Contact Person: _____

Company Name: _____

Street Address: _____

City: _____

State: _____ Zip: _____

Phone: () _____

Email (optional): _____

Prospective Successor Information

Contact Person: _____

Company Name: _____

Street Address: _____

City: _____

State: _____ Zip: _____

Phone: () _____

Email (optional): _____

Other Reclamation Permits held by Prospective Successor (if applicable):

DESIGNATION OF REVIEW TIMELINE

As explained above, the Permittee and Prospective Successor may waive their right to receive a decision on an Application within 30 days in order to allow the Division to calculate the required Financial Warranty before issuing its decision. Permittee and Prospective Successor must initial one of the following two options to designate their choice. If Permittee and Prospective Successor cannot agree, the Division will render its decision within 30 days.

Permittee	I have reviewed the information provided in this Application Packet, as well as the applicable Act and Rules. Having been fully informed, I wish to <u>WAIVE MY RIGHT</u> TO A DECISION ON MY APPLICATION WITHIN 30 DAYS.
Prospective Successor	

Permittee	I have reviewed the information provided in this Application Packet, as well as the applicable Act and Rules. Having been fully informed, I wish to <u>MAINTAIN MY RIGHT</u> TO A DECISION ON MY APPLICATION WITHIN 30 DAYS.
Prospective Successor	

The Prospective Successor must provide an adequate Financial Warranty or *conditional* replacement Financial Warranty, consistent with the designation above. Hard Rock and Construction Materials Rule 4.3 describes the various acceptable types of Financial Warranties. Each Financial Warranty must be submitted on the Board's approved forms (available online at <http://mining.state.co.us/Mineral%20Forms.htm>).

DUE DILIGENCE CERTIFICATION

The Board wishes to ensure that Prospective Successors are fully informed of their duties and obligations should they become Successor to the Permit. Accordingly, the Prospective Successor must carefully review the items below and must initial indicating its agreement and understanding.

_____ If the Application is approved, the Prospective Successor will assume all liability for the reclamation of the affected land, and for compliance with the Hard Rock Act and Rules or the Construction Materials Act and Rules, as applicable (available online at <http://mining.state.co.us/Rules%20and%20Regs.htm>). Successor will be liable for any pre-existing conditions or violations, whether known or unknown at the time of the SO. It is the Prospective Successor's sole responsibility to investigate the operation prior to filing an Application.

_____ If the Application is approved, the Successor will be solely responsible for maintaining the mining and reclamation operations in compliance with the Reclamation Permit. The Permit includes the original approved Application, along with any and all subsequent revisions, amendments, and conversions thereto. It is not uncommon for a Permit to include dozens of documents that span many years. It is the Successor's sole responsibility to obtain a full and complete copy of the Permit and to understand the extent of his/her/its obligations thereunder. Permit documents may be purchased from the Division of Reclamation, Mining and Safety (the "Division") upon request or viewed on the Division's website at <http://drmsweblink.state.co.us/drmsweblink/search.aspx?dbid=0>

_____ If the Application is approved, the Successor must submit Annual Fees and Annual Reports to the Division on the anniversary date of the Reclamation Permit. For hard rock and designated mining operations, consult C.R.S. § 34-32-127(2) for the amount of the Annual Fee. For construction materials operations, consult the C.R.S. § 34-32.5-125 for the amount of the Annual Fee. Required annual reporting information is described in Hard Rock and Construction Materials Rule 1.15 and in the Annual Report Form provided by the Division. Failure to submit Annual Fees or Annual Reports may result in enforcement action.

**APPLICANTS' AGREEMENT TO REQUEST TRANSFER
OF MINERAL PERMIT AND SUCCESSION OF OPERATORS**

WHEREAS, on _____, _____ Permit Number _____ ("Permit") was granted to _____ ("Permittee"), pursuant to which Permit, Permittee has engaged in a mining operation located in _____ County, Colorado.

WHEREAS, The Permit includes and incorporates any and all subsequent Amendments, Technical Revisions and/or Conversions.

WHEREAS, Permittee wishes to assign the entire Permit, along with all associated rights and responsibilities to _____ ("Prospective Successor"), and Prospective Successor wishes to become Successor Permittee under the Permit.

WHEREAS, Prospective Successor has inspected the mining and reclamation operations and is fully aware of the conditions thereof.

WHEREAS, Prospective Successor understands that the Reclamation Plan (the "Plan") is an integral part of the Permit and is required by law. Prospective Successor has had an opportunity to thoroughly review the Plan, understands that the Plan has not been completed and that, if Prospective Successor becomes Successor, he/she/it will assume full responsibility for the completion of the Plan.

NOW THEREFORE, Permittee and Prospective Successor hereby agree, for their own benefit and for the benefit of the State, as follows:

Prospective Successor agrees to accept all of the conditions of the Permit, including the condition that the operation remains in compliance with all applicable laws and regulations, and to perform all of the obligations of the Permittee under the Permit.

Prospective Successor agrees to complete the Plan, and to assume all liability for the same, as to all areas presently disturbed, as well as to all areas hereafter disturbed.

Prospective Successor agrees to submit to the Division of Reclamation, Mining and Safety ("Division"), Performance and Financial Warranties, as required by applicable law and regulations, which will be substituted for the Performance and Financial Warranties previously filed by the Permittee, if and when the Division approves a Transfer of Mineral Permit and Succession of Operators ("SO") and releases the latter Warranties.

Prospective Successor represents to the State that, to the best of its knowledge, information and belief, it is not in violation of any of the provisions of the Mined Land Reclamation Act (C.R.S. § 34-32-101 *et. seq.*) ("Hard Rock Act") and associated Rules (2 C.C.R. 407-1) ("Hard Rock Rules") or the Land Reclamation Act for the Extraction of

Construction Materials (C.R.S. § 34-32.5-101 *et. seq.*) ("Construction Materials Act") and associated Rules (2 C.C.R. 407-4) ("Construction Materials Rules"), with respect to any other operation conducted by the Prospective Successor in the State of Colorado.

Permittee and Prospective Successor hereby request that the Mined Land Reclamation Board ("Board") approves their SO Application, recognizes the Prospective Successor as Successor Operator under the Permit, accepts the Prospective Successor's Performance and Financial Warranties, and releases the current Permittee's Performance and Financial Warranties.

SIGNED, SEALED AND DATED this _____ day of _____, _____.

PERMITTEE

Name of Permittee

By _____
Signature of Officer

Title of Officer

PROSPECTIVE SUCCESSOR

Name of Prospective Successor

By _____
Signature of Officer

Title of Officer

NOTARY FOR PERMITTEE

STATE OF _____)
COUNTY OF _____) ss.:

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____ as _____ of _____.

Notary Public _____

My Commission Expires _____

NOTARY FOR PROSPECTIVE SUCCESSOR

STATE OF _____)
) ss.:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____ as _____ of _____.

Notary Public _____

My Commission Expires _____

STATE APPROVAL
[for completion by Division]

- (a) The Board hereby approves the transfer of permit number _____ from
_____ to _____.
- (b) The Board hereby recognizes _____ as Successor Operator under
such Permit.
- (c) The Board hereby accepts the Performance and Financial Warranties submitted by Successor and hereby
releases _____, as former Permittee from all obligations under
its Performance and Financial Warranties. The Board further releases all affected financial warrantors from
obligations under Financial Warranties associated with the former Permittee.

STATE OF COLORADO
DEPARTMENT OF NATURAL RESOURCES
MINED LAND RECLAMATION BOARD
DIVISION OF RECLAMATION, MINING AND SAFETY

By: _____
Division Director

Date Executed: _____

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY
Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



PERFORMANCE WARRANTY

Operator: _____

Operation: _____

Permit Number: _____

This form has been approved by the Mined Land Reclamation Board ("Board") pursuant to the Mined Land Reclamation Act (C.R.S. § 34-32-101 et. seq.) ("Hard Rock Act") and associated Rules (2 C.C.R. 407-1) ("Hard Rock Rules") and the Land Reclamation Act for the Extraction of Construction Materials (C.R.S. § 34-32.5-101 et. seq.) ("Construction Materials Act") and associated Rules (2 C.C.R. 407-4) ("Construction Materials Rules"). Any alteration or modification of this form, without approval by the Board shall result in the performance warranty being invalid and result in the voiding of any permit issued in conjunction with such invalid performance warranty and subject the operator to cease and desist orders and civil penalties for operating without a permit pursuant to sections 34-32-123, C.R.S. of the Hard Rock Act and 34-32.5-123, C.R.S. of Construction Materials Act.

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, the Colorado Mined Land Reclamation Act, C.R.S. § 34-32-101 et seq. (the "Hardrock Act"), as amended, and the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. § 34-32.5-101 et seq. (the "Construction Materials Act"), as amended (collectively the "Acts"), provide that no permit may be issued until the Mined Land Reclamation Board (the "Board") receives a performance warranty consisting of the Operator's written promise to comply with the requirements of the Hardrock or Construction Materials Act, whichever is applicable.

WHEREAS, _____ (the "Operator"), has applied for a permit to conduct a mining operation known as _____ (the "Operation") on certain lands in _____ County, Colorado. These lands are described in the permit application, as amended and supplemented, and are referred to herein as the "Affected Lands."

WHEREAS, in its application for the permit, the Operator has agreed to be bound by all requirements of the Hardrock or Construction Materials Act and all applicable rules and regulations of the Board, as amended from time to time.

WHEREAS, the Operator hereby gives the Board this performance warranty pursuant to C.R.S. §§ 34-32-117(2) or 34-32.5-117(2), and herein promises the Board that it will comply with all applicable requirements of the Hardrock or Construction Materials Act.

NOW, THEREFORE, The Operator hereby promises the Board that it will comply with all applicable requirements of the Hard Rock or Construction Materials Act and applicable rules and regulations of the Board.

The Operator hereby promises the Board that it will comply with all of the terms of the application for a permit, as amended and supplemented, as well as any conditions attached to the permit by the Board.

The Operator promises the Board, pursuant to C.R.S. §§ 34-32-112(1)(d) or 34-32.5-112(1)(b)(IV), that it has the lawful authority to enter upon the Affected Lands to conduct mining operations, including, but not limited to, reclamation. The Operator further recognizes the right of the Board to enter to reclaim lands affected by the Operation.

The description of lands herein is for convenience of reference only, and no error in such description, revision of the permitted mining area, or disturbance by the Operator of lands outside of the permitted mining area shall alter or diminish the Operator's obligation hereunder, which shall extend to the reclamation of all such lands disturbed.

The obligation of the Operator hereunder is such that, if the Operator shall successfully comply with the requirements of the Hardrock or Construction Materials Act, applicable rules and regulations, and the permit, then the Board, upon a finding that the Operator has so complied, shall release this performance warranty, and the Operator from its obligation hereunder. The obligation of the Operator hereunder shall continue until released by the Board in accordance with applicable law.

The Operator promises to be responsible for the cost of reclamation up to the amount established by the Board and has attached hereto its financial warranty, in accordance with C.R.S. §§ 34-32-117(3) or 34-32.5-117(3). The Operator agrees that it will maintain a financial warranty (or warranties) covering the Board's estimated costs of reclamation in good standing for the entire life of the permit. If the Operator is a unit of County or Municipal government, or is a department or division of State government, the Operator is not required to submit or post any other instrument of financial responsibility but hereby promises to be responsible for the cost of reclamation up to the amount specified by the Board.

If the Board determines that the Operator is in default under this performance warranty and has failed to cure such default, although written notice of such default and ample time to cure such default have been given, the Operator's financial warranty shall be subject to forfeiture.

This performance warranty may be executed in multiple copies, each of which shall be treated as an original, but together they constitute only one agreement, the validity and interpretation of which shall be governed by the laws of the State of Colorado. The provisions hereof shall bind and inure to the benefit of the parties hereto and their successors and assigns.

SIGNED, SEALED AND DATED this _____ day of _____, _____.

Operator _____ (SEAL)

By: _____

Title: _____

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

STATE OF _____)
COUNTY OF _____) ss.:

The foregoing instrument was acknowledged before me this _____ day of _____,
by _____ as _____ of _____.

Notary Public _____

My Commission Expires _____

STATE OF COLORADO
DEPARTMENT OF NATURAL RESOURCES
MINED LAND RECLAMATION BOARD
DIVISION OF RECLAMATION, MINING AND SAFETY

By: _____
Division Director

Date Executed: _____

Rev. 05/12