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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



APPLICATION FORM FOR TRANSFER OF MINERAL PERMIT AND SUCCESSION OF OPERATORS

RECEIVED

JAN 21 2014

DIVISION OF RECLAMATION
MINING AND SAFETY

ADMINISTRATIVE INFORMATION

Permit Information

SOØ1

Permit Number: 19-1991-133

Operation Name: Valle Escondido, Valdez Gravel Mine

Permittee Information

Contact Person: Demetrio A Valdez

Company Name: DBA: Valle Escondido Ranch

Street Address: 4489 ST. Hwy 285

City: Antonito

State: Colorado Zip: 81120

Phone: (719) 376-5873

Email (optional): Valdezgravel@aol.com

Prospective Successor Information

Contact Person: Demetrio A Valdez

Company Name: Demetrio A + Olive K Valdez DBA: Valle Escondido Ranch

Street Address: 4489 ST. Hwy 285

City: Antonito

State: Colorado Zip: 81120

Phone: (719) 376-5873

Email (optional): Valdezgravel@aol.com

AFERPT ✓
NO VIOLATIONS ✓

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

N/A

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.

Doreen A. Kelly
Permittee
Doreen A. Kelly
Prospective Successor

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 WAIVE MY RIGHT TO A DECISION ON MY APPLICATION WITHIN 30 DAYS.

Permittee

Prospective Successor

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 MAINTAIN MY RIGHT TO A DECISION ON MY APPLICATION WITHIN 30 DAYS.

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.

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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.

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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>

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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 1/15, 2014 Permit Number M-1991-133 ("Permit") was granted to Demetria A + Olive K Valdez DBA Valle Escandide Ranch ("Permittee"), pursuant to which Permit, Permittee has engaged in a mining operation located in Conejos 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 Demetria A + Olive K Valdez DBA Valle Escandide Ranch ("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

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY
Department of Natural Resources

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PERFORMANCE WARRANTY

Operator: Demetrio A + Olive K Valdez DBA: Valle Escondido Ranch
Operation: Valdez Gravel Mine
Permit Number: M-1991-133

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, Demetrio A + Olive K Valdez (the "Operator"), has applied for a permit to conduct a mining operation known as Valdez Gravel Mine (the "Operation") on certain lands in Conejos 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.

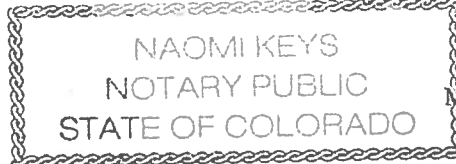
SIGNED, SEALED AND DATED this 16 day of January, 2014.

Demetrio A. Valdez DBA Valle Escondido Ranch
Operator (SEAL)
By: Demetrio A. Valdez
Title: Owner

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

STATE OF Colorado)
COUNTY OF Congo) ss.:

The foregoing instrument was acknowledged before me this 16th day of January, 2014,
by Demetrio A. Valdez as Owner of Valle Escondido Ranch



Notary Public Naomi Keys
My Commission Expires April 8, 2015

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

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 16 day of January, 2014.

PERMITTEE

Demetrio A + Olive K Valdez Vello Escobedo

Name of Permittee

By Demetrio A Valdez

Signature of Officer

Owner

Title of Officer

PROSPECTIVE SUCCESSOR

DBA Vello Escobedo Ranch

Demetrio A + Olive K Valdez

Name of Prospective Successor

By Demetrio A Valdez

Signature of Officer

Owners

Title of Officer

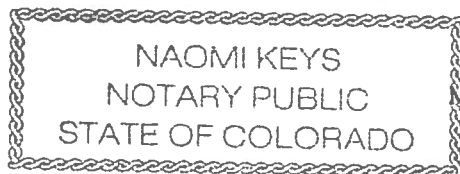
NOTARY FOR PERMITTEE

STATE OF Colorado

COUNTY OF Conjoe

ss.:

The foregoing instrument was acknowledged before me this 16th day of January, 2014,
by Demetrio + Olive Valdez as OWNERS of _____.



Notary Public Naomi Keys

My Commission Expires April 8, 2015

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

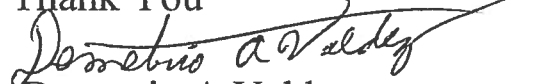
Date Executed: _____

State Of Colorado
Department Of Natural Resources
Mined Land Reclamation Board
Division of Reclamation, Mining and Safety

Dear Sirs:

This transfer is to correct the owner information on our mineral permit.
Ideally the reclamation bond can be transferred and we own the Valle
Escondido Ranch, thus the surface rights.

Thank You



Demetrio A Valdez

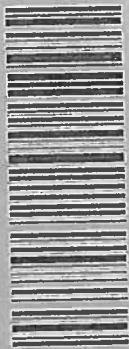
January 16, 2014

RECEIVED

JAN 21 2014

Division of Reclamation,
Mining & Safety

CERTIFIED MAIL™



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D. Valdez

P.O. Box 84

Correio, 26 de 8/1229



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0001920115 JAN 16 20
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Division of Reclamation Mining and Safety

ATTN: Minerals Program

1313 Sherman Street, Room 215

Denver, Colorado 80203

Minerals



Bubblewrap.[®]

INSIDE!

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UNITED STATES P
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Division of Reclamation, Mining, and Safety

Fee Receipt for M1991133

Valle Escondido

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Receipt #: 16716

Date: 01/22/2014

Permit: M1991133

Payment Method	Revenue Code	Fee Description/Notes	Amount
3682 msr	4300-09	Minerals Succession of Operators M1991-133 paid by Valle Escondido Organic Ranch	\$144.00
Receipt Total:			\$144.00