



WASTELINE, INC.

P.O. Box 3471 Rapid City, SD 57709-3471 (605)348-0244
PO Box 88 Cortez, CO 81321-0088 (970) 564-1380
E-mail: WASTELINE6@aol.com

14 February 2014

Ms. Kate Pickford, Environmental Protection Specialist
Colorado Division of Reclamation, Mining, and Safety
Durango Field Office
691 CR 233, Suite A-2.
Durango, CO 81301
Via E-mail

Project: #5091.10 Name: Loblolly Pit 112-#3

Subject: Arboles Sand & Stone, LLC, File No. M-2013-066 Loblolly Pit
Permit Application, Missing Items

Dear Ms. Pickford:

This letter provides the missing items and responds to questions on the reclamation estimate. As discussed, I apologize for the delay in getting these materials to you.

1. Attached please find the affidavit of publication in the Durango Herald. The original affidavit apparently was lost in the mail and the newspaper issued a new one. (#1)

2. Mr. Wright delivered copies of the public notice and the structures agreement, already signed and notarized by him, to the three neighbors which potentially have significant manmade structures within 200 feet of the proposed affected area:

- Mr. Jim Kane signed the agreement, which is attached. (#2)
- Mr. Jim Lark refused to sign either the notice or the agreement, although he had initially promised to do so. (#3) After repeated visits during December and January, in which he requested additional copies but did not agree even to sign that he had been GIVEN the agreement, we resorted to sending a copy of the notice and agreement by certified mail, even though it had already been given to him or his wife in December. That green card WAS signed and is attached. (#4).
- Mr. Mike Clarke's field representative for Petrox did sign the notice. (#5). However, Mr. Clarke has again declined to sign the structures agreement for the same reason as stated in 2008 and for the 111 permit of Skanska in 2013: he

believes that the existing contract for the construction and operation of the two wellheads and the pipelines across the Wright properties are adequate to indemnify his company against any damages caused by mining.


- Mrs. Joyce Wright of course signed the notice. (#6) The agreement between the Wrights as landowners and Arboles Sand & Stone, in 2010, remains in effect, and is in the exhibits in the appropriate place.

3. Although the Larks have declined to sign, calculations as previously submitted in the exhibits show that there is no significant possibility of damage to any of their structures (road or fence) with the mining as proposed.

3. The method of calculation of the earth required to be moved, as discussed, is attached.

Please accept apologies for delays in responding to your adequacy review: we had to wait for follow-up contacts and the affidavit, then the new mailing to the Larks, while other projects have just overwhelmed us.

Sincerely,



Nathan A. Barton, CE, PE, DEE
Environmental and Permitting Compliance Engineer

Attachments:

1. Affidavit of Publication of Public Notice, Durango Herald. (1 page)
2. Copy of Letter and Structure Agreement, Kane. (4 pages)
3. Notice of personal delivery of public notice to adjacent landowners and owners of significant structures by Steve Wright to Larks, Agreement as unsigned by Larks, and green card signed by Larks. (5 pages)
4. Notice of personal delivery of public notice to adjacent landowners and owners of significant structures by Steve Wright to Petrox, Agreement as unsigned by Petrox. (3 pages)
5. Notice of personal delivery of public notice to adjacent landowners and owners of significant structures by Steve Wright to Joyce Wright. (1 page)
6. Discussion of calculation of earthmoving required for reclamation. (2 pages)

PROOF OF PUBLICATION

County of La Plata, } ss.
State of Colorado }

the
Durango **Herald**

Drawer A, Durango, Colorado 81302

I, Odette Zenizo, do solemnly swear that I am the Classified Advertising Representative of the Durango Herald, and that I have personal knowledge of the essential facts stated herein; that the same is a daily newspaper printed in whole, and published in the County of La Plata, State of Colorado, and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said County of La Plata for a period of more than twelve months next prior to the first publication of the annexed Legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under a provision of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a daily newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado.

That the annexed legal notice or advertisement was published in the regular and entire editions of said daily newspaper one time only, XXXX, A.D., 2013; once each day for XX consecutive issue days; once each week on the same day of each week for the period of 4 consecutive insertions; and that the first publication of said notice was in the issue of said newspaper dated October 30, A.D., 2013, and that the last publication of said notice was in the issue of said newspaper dated November 20, A.D., 2013.

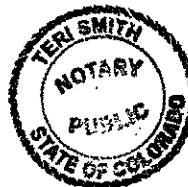
In witness whereof I have hereunto set my hand this 13th day of December, A.D., 2014.

Odette Zenizo

Subscribed and sworn before me, a notary public in and for the County of La Plata, State of Colorado this 13th day of January, A.D., 2014.

Jeri Smith
Notary Public

My Commission expires Feb 2 2015.



33981
PUBLIC NOTICE
Arboles Sand & Stone, LLC, 12577 Hwy 151, Pagosa Springs, CO 81447, (970) 485-6464, has filed an application for a Regular (112) Construction Materials Operation Reclamation Permit with the Colorado Mined Reclamation Board under provisions of the Colorado Land Reclamation Act for the Extraction of Construction Materials. The proposed mine is known as the Lob Lolly Pit and is located at or near Sections 2, 12, and 22 Township 33 North, Range 35 West, 10th PM. The proposed date of commencement is January 1st, 2014, and the proposed date of completion is August 31st, 2015. The proposed future use of the land is industrial, cropland and pastureland. Additional information and tentative decision date may be obtained from the Division of Reclamation, Mining and Safety, 1230 Sherman Street, Room 215, Denver, Colorado 80203, (303) 865-3467, or at the Archuleta County Clerk and Recorder's office, Courthouse, 449 San Juan Blvd., Pagosa Springs, Colorado 81429, (970) 247-2222.

ARBOLES SAND & STONE LLC

12577 Highway 151
Pagosa Springs (Arboles), CO 81147
(970) 883-5454

Dear Neighbor:

Because your property is within 200 feet of our permit affected land boundary, we are obligated to do two things:

First, provide you the attached copy of the notice published in the newspaper. This is required: "after the first publication you must mail or personally serve a copy of the notice described in Rule 1.6.2(1)(d) to all owners of record of surface rights to the affected land and all owners of record of lands that are within 200 feet of the boundary of the affected land (Rule 1.6.2(1)(e))."

Second, ask you to enter into an indemnity agreement.

While the legal language is, well, legal language, what we are asking is for you to sign an agreement that states that if our mining operations physically damage your property, we must repair your property to your satisfaction. While we have designed this operation to keep that from happening, and the State of Colorado will review and determine that our operation is not likely to do so (based on engineering review and information), we are still obligated to ask you to sign this agreement.

If you do not choose to sign this agreement, we are still obligated by state law to repair any damage to your property caused by our operation. Although it is not required, we would ask respectfully that you tell us why, if you choose not to sign this agreement. Please note that the signature on the agreement must be notarized.

If you have any questions or concerns, please call us or stop by and visit. We'll be glad to do everything we can to explain what is going on.

Respectfully,

Steve Wright, Manager,
Arboles Sand & Stone LLC

I received the letter and the enclosures on date 12-3-13. ☒ I will sign the agreement ☐ I decline to sign the agreement for the following reasons (optional): _____

Signed: James H Kane Printed Name: JAMES H. KANE

Enclosures:

1. Copy of notice
2. Indemnity agreement form (3 pages as applicable)

PERSONS TO RECEIVE THIS: VIA CERTIFIED MAIL OR PERSONAL SERVICE

Mike Clarke for Tierra Piedra and PETROX Resources, Inc., landowner and pipeline/well/road owner/operator, 685 Main Street, Suite 4, Meeker, CO (PO Box 81641) or 11501 Hwy 151, Pagosa Springs, CO 81147

James Kane, landowner c/o James H Kane Trust, PO Box 2035, Frazier Park CA 93225 or 12501 Hwy 151, Pagosa Springs, CO 81147

Joyce Wright, landowner 12577 Hwy 151, Pagosa Springs, CO 81147

Jim and Georgia Lark, landowner 12747 Hwy 151, Pagosa Springs, CO 81147

Structure Agreement

This letter has been provided to you as the owner of a structure on or within two hundred (200) feet of a proposed mine site. The State of Colorado, Division of Reclamation, Mining and Safety ("Division") requires that where a mining operation will adversely affect the stability of any significant, valuable and permanent man-made structure located within two hundred (200) feet of the affected land, the Applicant shall either:

- a) Provide a notarized agreement between the Applicant and the Person(s) having an interest in the structure, that the Applicant is to provide compensation for any damage to the structure; or
- b) Where such an agreement cannot be reached, the Applicant shall provide an appropriate engineering evaluation that demonstrates that such structure shall not be damaged by activities occurring at the mining operation; or
- c) Where such structure is a utility, the Applicant may supply a notarized letter, on utility letterhead, from the owner(s) of the utility that the mining and reclamation activities, as proposed, will have "no negative effect" on their utility. (*Construction Materials Rule 6.3.12 and Rule 6.4.19 & Hard Rock/Metal Mining Rule 6.3.12 and Rule 6.4.20*)

The Colorado Mined Land Reclamation Board ("Board") has determined that this form, if properly executed, represents an agreement that complies with Construction Materials Rule 6.3.12(a), Rule 6.4.19(a), and C.R.S. § 34-32.5-115(4)(e) and with Hard Rock/Metal Mining Rule 6.3.12(a), Rule 6.4.20(a), and C.R.S. § 34-32-115(4)(d). This form is for the sole purpose of ensuring compliance with the Rules and Regulations and shall not make the Board or Division a necessary party to any private civil lawsuit to enforce the terms of the agreement or create any enforcement obligations in the Board or the Division.

The following structures are located on or within 200 feet of the proposed affected area:

1. Fencing between Kane and Wright properties (north and south) - Jointly owned
2. Access roads across Kane property within 200 feet of Wright Property
3. LAST ITEM
4. _____
5. NOTE: Access roads and easements across Kane Property are NOT jointly owned.

(Please list additional structures on a separate page)

CERTIFICATION

The Applicant, Arboles Sand & Stone LLC (print applicant/company name),
by Steve Wright (print representative's name), as Manager (print
representative's title), does hereby certify that James H. Kane Trust (structure owner) shall
be compensated for any damage from the proposed mining operation to the above listed structure(s)
located on or within 200 feet of the proposed affected area described within Exhibit A, of the Reclamation
Permit Application for Lob Lolly Pit (operation name),
File Number M-2013-035.

*This form has been approved by the Colorado Mined Land Reclamation Board pursuant to its
authority under the Colorado Land Reclamation Act for the Extraction of Construction Materials and
the Colorado Mined Land Reclamation Act for Hard Rock, Metal, and Designated Mining Operations.
Any alteration or modification to this form shall result in voiding this form.*

NOTARY FOR PERMIT APPLICANT

ACKNOWLEDGED BY:

Applicant Arboles Sand & Stone LLC Representative Name Steve Wright

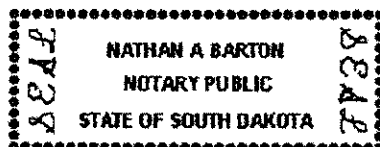
Date 15th of June 2013 Title Manager of Arboles Sand & Stone LLC

STATE OF South Dakota)
) ss.

COUNTY OF Pennington)

The foregoing was acknowledged before me this 15th day of June, 20 13, by
Steve Wright as Manager of Arboles Sand & Stone LLC.

Nathan A. Barton My Commission Expires: 12 December 2014
Notary Public



NOTARY FOR STRUCTURE OWNER

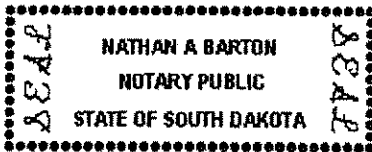
ACKNOWLEDGED BY:

Structure Owner James H Kane Trust Name James H. Kane
Date 23 JANUARY 2014 Title OWNER

STATE OF South Dakota)
) ss.
COUNTY OF Pennington)

The foregoing was acknowledged before me this 23rd day of JANUARY, 20 14, by
James H Kane as owner of James H Kane Trust

Nathan A Barton My Commission Expires: 12 December 2014
Notary Public



ARBOLES SAND & STONE LLC

12577 Highway 151
Pagosa Springs (Arboles), CO 81147
(970) 883-5454

Dear Neighbor:

Because your property is within 200 feet of our permit affected land boundary, we are obligated to do two things:

First, provide you the attached copy of the notice published in the newspaper. This is required: "after the first publication you must mail or personally serve a copy of the notice described in Rule 1.6.2(1)(d) to all owners of record of surface rights to the affected land and all owners of record of lands that are within 200 feet of the boundary of the affected land (Rule 1.6.2(1)(e))."

Second, ask you to enter into an indemnity agreement.

While the legal language is, well, legal language, what we are asking is for you to sign an agreement that states that if our mining operations physically damage your property, we must repair your property to your satisfaction. While we have designed this operation to keep that from happening, and the State of Colorado will review and determine that our operation is not likely to do so (based on engineering review and information), we are still obligated to ask you to sign this agreement.

If you do not choose to sign this agreement, we are still obligated by state law to repair any damage to your property caused by our operation. Although it is not required, we would ask respectfully that you tell us why, if you choose not to sign this agreement. Please note that the signature on the agreement must be notarized.

If you have any questions or concerns, please call us or stop by and visit. We'll be glad to do everything we can to explain what is going on.

Respectfully,

Steve Wright, Manager,
Arboles Sand & Stone LLC

I received the letter
to sign the agreement

Agreement ☐ I decline

REFUSED TO SIGN AS RECEIVING
THIS DOCUMENT

Signed: _____

Enclosures:

1. Copy of notice
2. Indemnity agreement form (3 pages as applicable)

PERSONS TO RECEIVE THIS: VIA CERTIFIED MAIL OR PERSONAL SERVICE

Mike Clarke for Tierra Piedra and PETROX Resources, Inc., landowner and pipeline/well/road owner/operator, 685 Main Street, Suite 4, Meeker, CO (PO Box 81641) or 11501 Hwy 151, Pagosa Springs, CO 81147

James Kane, landowner c/o James H Kane Trust, PO Box 2035, Frazier Park CA 93225 or 12501 Hwy 151, Pagosa Springs, CO 81147

Joyce Wright, landowner 12577 Hwy 151, Pagosa Springs, CO 81147

Jim and Georgia Lark, landowner 12747 Hwy 151, Pagosa Springs, CO 81147

PUBLIC NOTICE

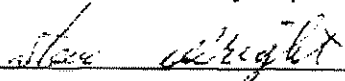
Arboles Sand & Stone, LLC, 12577 Hwy 151, Pagosa Springs, CO 81147, (970) 883-5454, has filed an application for a Regular (112) Construction Materials Operation Reclamation Permit with the Colorado Mined Reclamation Board under provisions of the Colorado Land Reclamation Act for the Extraction of Construction Materials. The proposed mine is known as the Lob Lolly Pit, and is located at or near Sections 15 and 21, Township 33 North, Range 05 West, 10th P.M. The proposed date of commencement is January 1st, 2014, and the proposed date of completion is August 31st, 2035. The proposed future use of the land is industrial, cropland and pastureland. Additional information and tentative decision date may be obtained from the Division of Reclamation, Mining, and Safety, 1313 Sherman Street, Room 215, Denver, Colorado 80203, (303) 866-3567, or at the Archuleta County Clerk and Recorder's office, Courthouse, 449 San Juan Blvd, Pagosa Springs, Colorado, or the above-named applicant. Comments must be in writing and must be received by the Division of Reclamation, Mining, and Safety by 4:00 p.m. on December 10th, 2013.

Please note that under provisions of C.R.S. 34-32.5-101 et seq. comments related to noise, truck traffic, hours of operation, visual impacts, effects on property values and other social or economic concerns are issues not subject to this Office's jurisdiction. These subjects, and similar ones, are typically addressed by your local governments, rather than the Division of Reclamation, Mining, and Safety or the Mined Land Reclamation Board.

Dear neighbor, the above notice is in the Durango Herald starting on the 30th of October, and as per the rules of the State of Colorado, I am sending you or giving you this notice. Please contact me at 883-5454 or stop by if you have any questions, and I will get back to you as soon as possible. If you wish to comment to DRMS, you have until the 10th of December to do so.

*Sincerely,
Steve and Joyce Wright*

I, Steve Wright, hereby certify that the above public notice was provided on 31st October 2013, within 10 days of publication in the Durango Herald (on the 30th of October 2013) by ☐ certified mail or by ☒ personal service to Jim and Georgia Lark (Name).

 (Signature) **THEY REFUSED TO SIGN**

Structure Agreement

This letter has been provided to you as the owner of a structure on or within two hundred (200) feet of a proposed mine site. The State of Colorado, Division of Reclamation, Mining and Safety ("Division") requires that where a mining operation will adversely affect the stability of any significant, valuable and permanent man-made structure located within two hundred (200) feet of the affected land, the Applicant shall either:

- a) Provide a notarized agreement between the Applicant and the Person(s) having an interest in the structure, that the Applicant is to provide compensation for any damage to the structure; or
- b) Where such an agreement cannot be reached, the Applicant shall provide an appropriate engineering evaluation that demonstrates that such structure shall not be damaged by activities occurring at the mining operation; or
- c) Where such structure is a utility, the Applicant may supply a notarized letter, on utility letterhead, from the owner(s) of the utility that the mining and reclamation activities, as proposed, will have "no negative effect" on their utility. (*Construction Materials Rule 6.3.12 and Rule 6.4.19 & Hard Rock/Metal Mining Rule 6.3.12 and Rule 6.4.20*)

The Colorado Mined Land Reclamation Board ("Board") has determined that this form, if properly executed, represents an agreement that complies with Construction Materials Rule 6.3.12(a), Rule 6.4.19(a), and C.R.S. § 34-32.5-115(4)(e) and with Hard Rock/Metal Mining Rule 6.3.12(a), Rule 6.4.20(a), and C.R.S. § 34-32-115(4)(d). This form is for the sole purpose of ensuring compliance with the Rules and Regulations and shall not make the Board or Division a necessary party to any private civil lawsuit to enforce the terms of the agreement or create any enforcement obligations in the Board or the Division.

The following structures are located on or within 200 feet of the proposed affected area:

1. Gravel access road along north side of Lark property
2. Fence between Lark and Wright properties (jointly-owned)
3. LAST ITEM
- 4.
- 5.

(Please list additional structures on a separate page)

CERTIFICATION

The Applicant, Arboles Sand & Stone LLC (print applicant/company name),
by Steve Wright (print representative's name), as Manager (print
representative's title), does hereby certify that Jim and Georgia Lark (structure owner) shall
be compensated for any damage from the proposed mining operation to the above listed structure(s)
located on or within 200 feet of the proposed affected area described within Exhibit A, of the Reclamation
Permit Application for Lob Lolly Pit (operation name),
File Number M-2013-035.

*This form has been approved by the Colorado Mined Land Reclamation Board pursuant to its
authority under the Colorado Land Reclamation Act for the Extraction of Construction Materials and
the Colorado Mined Land Reclamation Act for Hard Rock, Metal, and Designated Mining Operations.
Any alteration or modification to this form shall result in voiding this form.*

NOTARY FOR PERMIT APPLICANT

ACKNOWLEDGED BY:

Applicant Arboles Sand & Stone LLC Representative Name Steve Wright 

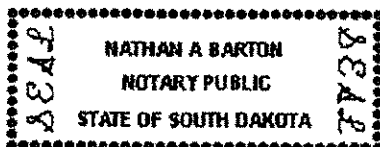
Date 15th of June 2013 Title Manager of Arboles Sand & Stone LLC

STATE OF South Dakota)
) ss.

COUNTY OF Pennington)

The foregoing was acknowledged before me this 15th day of June, 20 13, by
Steve Wright as Manager of Arboles Sand & Stone LLC.

 My Commission Expires: 12 December 2014
Notary Public



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p> <input type="checkbox"/> Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. </p>		<p>A. Signature</p> <p>X <i>[Signature]</i> <input type="checkbox"/> Adult Signature Required</p>	
<p>1. Article Addressed to:</p> <p>JIM & GEORGIA LARK 12747 HWY 151 PAGODA SPRINGS CO 81147</p>		<p>B. Received by (Printed Name) <input type="checkbox"/> Date of Delivery</p> <p><i>[Signature]</i> 12-4-14</p>	
		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes</p> <p>YES, enter delivery address below <input type="checkbox"/> No</p>	
		<p>3. Service Type</p> <p> <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collection on Delivery </p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
<p>2. Article Number</p> <p>(Transfer from service label)</p>		<p>7013 1710 0001 0157 3793</p>	
<p>PS Form 3811, July 2013 Domestic Return Receipt</p>			

ARBOLES SAND & STONE LLC

12577 Highway 151
Pagosa Springs (Arboles), CO 81147
(970) 883-5454

Dear Neighbor:

Because your property is within 200 feet of our permit affected land boundary, we are obligated to do two things:

First, provide you the attached copy of the notice published in the newspaper. This is required: "after the first publication you must mail or personally serve a copy of the notice described in Rule 1.6.2(1)(d) to all owners of record of surface rights to the affected land and all owners of record of lands that are within 200 feet of the boundary of the affected land (Rule 1.6.2(1)(e))."

Second, ask you to enter into an indemnity agreement.

While the legal language is, well, legal language, what we are asking is for you to sign an agreement that states that if our mining operations physically damage your property, we must repair your property to your satisfaction. While we have designed this operation to keep that from happening, and the State of Colorado will review and determine that our operation is not likely to do so (based on engineering review and information), we are still obligated to ask you to sign this agreement.

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If you have any questions or concerns, please call us or stop by and visit. We'll be glad to do everything we can to explain what is going on.

Respectfully,

Steve Wright, Manager,
Arboles Sand & Stone LLC

I received the letter and the enclosures on date 12-04-14 ☒ I will sign the agreement ☐ I decline to sign the agreement for the following reasons (optional): Already have agreement

Signed: 

Printed Name: Mike Clarke

Enclosures:

1. Copy of notice
2. Indemnity agreement form (3 pages as applicable)

for Mike Clarke, pres.
PETROX Resources Inc.

PERSONS TO RECEIVE THIS: VIA CERTIFIED MAIL OR PERSONAL SERVICE

Mike Clarke for Tierra Piedra and PETROX Resources, Inc., landowner and pipeline/well/road owner/operator, 685 Main Street, Suite 4, Meeker, CO (PO Box 81641) or 11501 Hwy 151, Pagosa Springs, CO 81147

James Kane, landowner c/o James H Kane Trust, PO Box 2035, Frazier Park CA 93225 or 12501 Hwy 151, Pagosa Springs, CO 81147

Joyce Wright, landowner 12577 Hwy 151, Pagosa Springs, CO 81147

Jim and Georgia Lark, landowner 12747 Hwy 151, Pagosa Springs, CO 81147

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The following structures are located on or within 200 feet of the proposed affected area:

1. Wells and well pads and all associated fencing, equipment, roads, piping, etc.
2. Pipeline including feeder pipelines to wells
3. Access roads on Wright property for PETROX RESOURCES and contractor use
4. Fencing along property line between Tierra Piedra and Wright properties
5. LAST ITEM

(Please list additional structures on a separate page)

CERTIFICATION

The Applicant, Arboles Sand & Stone LLC (print applicant/company name),
by Steve Wright (print representative's name), as Manager (print
representative's title), does hereby certify that PETROX Resources, Inc. (structure owner) shall
be compensated for any damage from the proposed mining operation to the above listed structure(s)
located on or within 200 feet of the proposed affected area described within Exhibit A, of the Reclamation
Permit Application for Lob Lolly Pit (operation name),
File Number M-2013-035.

*This form has been approved by the Colorado Mined Land Reclamation Board pursuant to its
authority under the Colorado Land Reclamation Act for the Extraction of Construction Materials and
the Colorado Mined Land Reclamation Act for Hard Rock, Metal, and Designated Mining Operations.
Any alteration or modification to this form shall result in voiding this form.*

NOTARY FOR PERMIT APPLICANT

ACKNOWLEDGED BY:

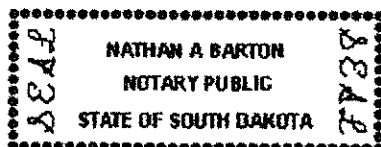
Applicant Arboles Sand & Stone LLC Representative Name Steve Wright

Date 15th of June 2013 Title Manager of Arboles Sand & Stone LLC

STATE OF South Dakota)
) ss.
COUNTY OF Pennington)

The foregoing was acknowledged before me this 15th day of June, 20 13, by
Steve Wright as Manager of Arboles Sand & Stone LLC.

Nathan A. Barton My Commission Expires: 12 December 2014
Notary Public



ARBOLES SAND & STONE LLC

12577 Highway 151
Pagosa Springs (Arboles), CO 81147
(970) 883-5454

Dear Neighbor:

Because your property is within 200 feet of our permit affected land boundary, we are obligated to do two things:

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While the legal language is, well, legal language, what we are asking is for you to sign an agreement that states that if our mining operations physically damage your property, we must repair your property to your satisfaction. While we have designed this operation to keep that from happening, and the State of Colorado will review and determine that our operation is not likely to do so (based on engineering review and information), we are still obligated to ask you to sign this agreement.

If you do not choose to sign this agreement, we are still obligated by state law to repair any damage to your property caused by our operation. Although it is not required, we would ask respectfully that you tell us why, if you choose not to sign this agreement. Please note that the signature on the agreement must be notarized.

If you have any questions or concerns, please call us or stop by and visit. We'll be glad to do everything we can to explain what is going on.

Respectfully,

Steve Wright, Manager,
Arboles Sand & Stone LLC

I received the letter and the enclosures on date 12/3/13. ☒ I will sign the agreement ☐ I decline to sign the agreement for the following reasons (optional): _____

Signed: _____ Printed Name: Joyce Wright

Enclosures:

1. Copy of notice
2. Indemnity agreement form (3 pages as applicable)

PERSONS TO RECEIVE THIS: VIA CERTIFIED MAIL OR PERSONAL SERVICE

Mike Clarke for Tierra Piedra and PETROX Resources, Inc., landowner and pipeline/well/road owner/operator, 685 Main Street, Suite 4, Meeker, CO (PO Box 81641) or 11501 Hwy 151, Pagosa Springs, CO 81147

James Kane, landowner c/o James H Kane Trust, PO Box 2035, Frazier Park CA 93225 or 12501 Hwy 151, Pagosa Springs, CO 81147

Joyce Wright, landowner 12577 Hwy 151, Pagosa Springs, CO 81147

Jim and Georgia Lark, landowner 12747 Hwy 151, Pagosa Springs, CO 81147

Reclamation and Cost Estimate Data
M2013-066 Loblolly 112 Pit

The estimate prepared for the first five years of operation is \$45,147. This is the sum of the four activities listed for Years 1 to 5 in the table. In the second phase (years 6-15), my estimate is \$29,394; again this is the sum of the three activities listed for Years 6 to 15. Of course, due to prices changing, that amount will have to be recalculated in 2019 or 2020.

A. Regarding highwall height/length: Apparently, this is in reference to this paragraph in Exhibit D:

D.1.5. Working faces will range from 20 to 60 feet in height (but will be terraced to a maximum height of 20 feet for safety purposes), and mining will be done along a face of 200 to 600 feet in width, with areas of 5 to 10 acres being mined at any given time. Access above the highwall to the stripped area and the topsoil stockpiles will be via a ramp from the floor of the pit or directly off permanent roads. As much as possible, loaders will remove material from the working face and feed directly into the processing plant, located as close to the working face as feasible. Based on production levels, portable conveyors or trucks may also be used to haul from the working face to the plant.

This is not intended to say that the maximum highwall is 600 feet long and 60 feet high, but rather (as described elsewhere) that the total height of the working face is up to 60 feet (based on the depth of the deposit), and that the maximum length being worked at any one time will be 600 feet. However, the deposit cannot be safely worked with ANY vertical faces, and as stated elsewhere, the slope for mining will be 2H:1V. There may be, as a practical matter, areas being mined that might have a 1:1 or even (briefly) a vertical face of 5-10 high feet as part of the terraces before being smoothed to 2H:1V or even to 3H:1V. The 20 feet stated in this paragraph was a worst-case assumption. As is currently being done in the 111 operation, materials are being removed on an average 2H:1V slope that varies in width from 30 to 60 feet (and in height from 15 to 30 feet, as shown on the cross sections. This is especially important in areas that are being dewatered (generally, more than 20-30 feet below original grade) since the operators are removing material and establishing the final 3H:1V slopes below the anticipated final water level.

B. Regarding total material to be moved for grading:

Although at the end of Year 5, a total of 14.91 acres will be "open" - this is, disturbed but not yet fully reclaimed (Table E-2, Page 39), this does not mean that NO reclamation activities will have been done on that area, but rather that while MOST reclamation activities (backfilling, sloping/grading, final grading,

placement of soil where appropriate, seeding, etc.) have been done, the entire area is NOT available to release, either because the vegetation is not yet to standards as required, or because there are plant sites and roads, which though they may be permanent, are still in use, or because backfill is still being done below water level.

At any one time, the 14.91 acres will be in various stages of reclamation: most (9-10 acres) will already be at final grade at Year 5, the peak area; and on most of that acreage, soil will already have been placed, or will be areas (such as permanent water and traffic/plant areas) with no soil to be placed.

For simplicity's sake, tasks were estimated based on equipment hours for the entire 14.91 acres, using averages as to overburden and soil. Using a D-8 dozer, it was estimated that a total of 12 hours per acre would be required.

This was calculated based on the following assumptions:

1. production of 150 loose cubic yards per hour (push distance of 150 feet)
2. average material to be moved 1800 CY per acre (1.1 foot average depth over entire acre, including areas in water): this might range from 0 (areas already at final grade and with soil placed) to 3.3 feet depth of overburden (rooting zone material) and soil.
3. 2-5% downhill gradient for pushing material from stockpile to final placement, based on working from the edges (roads, buffer zone, already reclaimed areas) in and therefore down to drainage ways and ponds on the pit floor.