

Uncompahgre Holdings, LLC - Bryan Walchle
21263 Hwy 550 - Montrose, CO 81403
Bryan@eagleland.com - 970-209-7500
July 26, 2016

DRMS
1313 Sherman St. Room 215
Denver, Colorado 80203
attn: Dustin Czapla - Dustin.Czapla@state.co.us
cc: Russ Means - russ.means@state.co.us

Dear Dustin Czapla,

In Response to my email request of 7/26/2016, please let this request serve as a formal complaint against United Companies of Grand Junction regarding the Colona pit #M94-005. I am the Managing/Owner Partner in the property that the south half of the pit is located upon. We purchased the property from Jutten Properties, LLC (previous owner) on October 2, 2015.

Please be advised that both the previous owner as well as our partnership have been in contact with United Companies from 2013 until present in trying to work out a complete reclamation of the property. During my ownership period we have had multiple discussions with them and numerous verbal agreements along with timelines that have all been ignored, reneged upon, or completely allowed to pass with no action upon United's part.

During that process I have spoken to yourself, Russ Means and Wally Erickson, all of you are aware of the situation and I have at your requests attempted to work toward an amicable solution. At this point my partner and I are both out of patience and no longer willing to trust nor directly work with United.

Please be advised that United Companies does not have a valid / current lease. They do not have our permission to enter upon the property. United has submitted to the State of Colorado for the past 3 years fraudulent annual reports that state that they did have a lease and/or right to enter.

Please additionally be advised that per their own recorded permit application they do not have adequate stockpiles of topsoil on site, and have exposed ground water over much of the mine floor area of our land. In discussions they have stated their intent is to use foreign overburden or mixed material from other offsite areas and /or pits as a substitute for the reclamation plan specified topsoil.

We are formally requesting that the State of Colorado DMRS, take immediate action concerning the proper reclamation of our property. We are also asking you to submit to us in writing our complete rights as the land owner in this situation and schedule a meeting with us at the site.

Respectfully


Bryan Walchle, Manager
Uncompahgre Holdings, LLC
7-26-2016

Attachments: Lease

LEASE AGREEMENT

This Lease Agreement is made and entered into this 30th day of June, 1994, by and between Robert Boyd Jutten and Tommy John Jutten, whose address is 69216 Vernal Road Montrose, Colorado 81401 ("Lessor"), and United Companies of Mesa County, Inc., whose address is P.O. Box 3609 Grand Junction, Colorado 81502 ("Lessee").

RECITALS

A. The Lessor is owner of the property described as SE1/4, SE1/4, Sec.36, T48N, R9W, New Mexico Principal Meridian, and NE1/4, NE1/4, Sec.1, T47N, R9W, New Mexico Principal Meridian ("The Property").

B. Lying within the bounds of the above described property and excluded from the terms of this Agreement are two separate areas. (1.) In Section 1; in the north-east corner of the intersection of U.S. Highway 550 and Vernal Road, the area upon which a pump-house is situated. (2.) In Section 1; NE1/4, NE1/4, NE1/4, Sec. 1, the area upon which a house and appurtenant structures and facilities are situated.

C. A portion of the Property contains sand, gravel, rock, stone and overburden (aggregates), and the parties desire to execute this Lease so that the Lessee may extract, process and sell such aggregates.

Therefore the parties agree as follows:

TERMS

1. Lessor grants unto Lessee, subject to the terms of this Agreement, the exclusive right to enter upon the previously described Property, being approximately 73 acres, in accordance with the terms of this Agreement.

2. The Lessee shall have the exclusive right to utilize the area of the Property for the extraction, processing and removal of aggregates, and shall have the right to situate equipment for this purpose on the Property. The Lessee shall have the right to install machinery, equipment, personal property, telephone lines, electrical lines, etc. in and on the Leased Property and shall have the right to remove such property at the end of the lease term. Lessee shall have the right to build roads and accesses, and construct sufficient infrastructure so as to support the activities represented in this Lease. Aggregates consumed in this effort will not be subject to royalty fees.

3. Lessee shall indemnify and save Lessor harmless from all extraction or production taxes which may be imposed as a result of the mining activity, and from all taxes which may be assessed or levied against personal property installed by Lessee on Leased Property.

4. Lessee agrees to proceed with due diligence to make application to the Colorado Department of Natural Resources, Division of Minerals and Geology for a Colorado Mined Land Reclamation Permit and to any other regulatory entities that have jurisdiction over such an operation. Such permits will be maintained in good standing until such time that mining has ceased, the affected area has been reclaimed and the Lease has been terminated.

The reclamation permit and reclamation bond will be obtained in the name of United Companies of Mesa County, Inc. All expenses of obtaining and maintaining the required permits will be borne by the Lessee.

5. This Agreement shall be effective from the date of execution and shall remain in full force and effect, for the purposes of mining, extraction and processing of aggregates until July 1, 2014. This Agreement may be renewed for up to twenty (20) years with the mutual consent and agreement of the Lessor or successors and Lessee or successors.

6. In consideration of this Lease Agreement, the Lessee agrees to pay to the Lessor as follows:

a. A royalty fee shall be paid for each ton (2000 lbs.) of aggregates that is sold and removed from the Leased Property.

b. The royalty fee shall be paid to the Lessor at a rate of \$0.50 per ton of aggregate material for the first 100,000 tons of material sold and removed from the Leased Property.

The royalty fee shall be increased by \$0.05 per ton for each subsequent 100,000 tons of aggregate material sold and removed from the Leased Property up to a maximum rate of \$0.75 per ton.

c. Within six (6) months of such time that the maximum royalty rate (\$.75) has been attained, by virtue of having sold and removed 600,000 tons of aggregates from the Leased Property, the Lessor or the Lessee may initiate a discussion regarding the royalty rate of subsequent quantities of aggregates sold and removed from the Property.

This discussion will address the present royalty rate amount and the proposed future royalty rate amount in relation to the then present market conditions. An adjustment in the royalty rate amount may then be addressed. The party to this Agreement initiating such a discussion shall provide the other party to this Agreement written notice of said request.

d. Lessee will provide the Lessor with a written statement for the material sold and removed from the Leased Property during the preceding month and make royalty payment to Lessor for the total royalty due by the 25th day of each successive month, for aggregates sold and removed in the preceding month.

e. Aggregate materials sold and removed from the Leased Property will be weighed on certified scales that will be provided and maintained by the Lessee.

f. Lessee shall keep reasonable accurate records of its operations, which pertain to material removal under this Lease. Records shall be accessible for inspection, at the office of Lessee in Grand Junction, Colorado (or at such other location as designated by Lessee), at reasonable times and under reasonable circumstances, by Lessor or other representative of the Lessor.

7. If Lessee shall fail to make any payment or payments when due, or shall fail to keep any covenants, Lessor may give Lessee written notice of his intention to cancel this Agreement thirty (30) days after such notice is received by the Lessee unless, within the thirty day period, the default complained of shall have been cured. If such default is not cured at the end of the thirty day period, this Agreement may be declared null and void by the Lessor.

8. During the term of this Agreement, Lessee shall hold Lessor harmless and fully indemnify him against all claims and demands which may be made upon it or against the Leased Property for, or on account of, any debt or expenses incurred by the Lessee.

9. Lessee agrees that Lessor may use, for agricultural purposes, those portions of the Leased Property that are not designated by the Lessee to be in the active mining area, or are not scheduled for imminent expansion of the mining area.

Lessee agrees to provide Lessor written notice six (6) months prior to expanding the mining area in order that the Lessor may vacate any agricultural use that is occurring upon the expansion area. The Lessor will hold harmless the Lessee and indemnify him against any and all claims of damage or harm to any agricultural endeavors when the six month written notice to vacate procedure is served.

10. Lessor agrees to make available to the Lessee, for gravel processing and other mining purposes, as much water as possible so as to not interfere with his own agricultural needs.

11. Lessor agrees that during the term of this Agreement he will not lease any other property to another entity, public or private, for the purpose of aggregate extraction or processing or a similar use.

12. This Lease may be terminated by the Lessee after six (6) months written notice to the Lessor if, in the sole opinion of the Lessee, it becomes economically unfeasible or impractical to continue this Agreement. At such time, efforts for complete reclamation of any areas affected by mining activities conducted by the Lessee will commence immediately and will be completed in a timely fashion.

13. Any written notice required or permitted by this agreement may be given by certified or registered mail, return receipt requested. Any such mailing shall be to the address set forth in the introductory paragraph to this Agreement unless an alternative address is established by written notice.

14. This Agreement shall be binding and inure to the benefit of the heirs, personal representatives, successors and assigns of the Lessor. Lessor may assign or encumber their rights under this Agreement. Lessee may assign its rights and obligations only with the written consent of the Lessor, which shall not be withheld unreasonably.

Tommy John Sutton

Robert Eugene Sutton

Lessor, Property Owner

[Signature]

Lessee, United Companies

STATE OF COLORADO)
) ss:
COUNTY OF MESA)

Subscribed and sworn to before me this 4th day of September, 1994 by Robert Eugene Sutton as Lessor, Property Owner.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires: _____

My Commission Expires
January 22, 1995

[Signature]
Notary Public

Address: 601208 Normal Rd
Memphis, TN 38117

STATE OF COLORADO)
) ss:
COUNTY OF MESA)

Subscribed and sworn to before me this 30th day of August, 1994 by Ken W. Nesbitt as Lessee, United Companies.

WITNESS MY HAND AND OFFICIAL SEAL.

My commission expires: February 22, 1998

[Signature]
Notary Public

Address: PO Box 3609
Grand Junction, CO 81502