



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

June 7, 2019

Mr. J. Pat Greer
J Pat and Lila N Greer
8097 CR 100
Hesperus, CO 81326

Re: Greer Pit, Permit No. M-1985-115, Financial Warranty Increase, Revision No. SI-3

Dear Mr. Greer:

On June 7, 2019 the Division of Reclamation, Mining and Safety increased the current Financial Warranty for this permit to **\$12,721.00**, in accordance with Rule 4.2.1 of the Rules and Regulations. This is an increase of **\$3,221.00** over the currently held Financial Warranty of \$9,500.00. Please see enclosed reclamation cost estimate worksheets for details.

The Division ordered amendment of the current Financial Warranty, or submittal of a new Financial Warranty reflecting the increase, within **60 days** from the date of this letter. Please submit the new financial warranty with the approved form no later than Tuesday August 6, 2019. A copy of the Certificate of Deposit form is enclosed with this letter. If you wish to submit a different type of Financial Warranty, please contact me such that I may send you the applicable form.

If you have any questions, please feel free contact me. For any bonding specific questions please contact Barbara Coria, at the Division's Denver Office at 303-866-3567 Ext. 8148.

Sincerely,

Lucas J. West
Environmental Protection Specialist

Enclosure: Reclamation Cost Estimate Worksheets
Financial Warranty Certificate of Deposit forms

Cc: Barbara J. Coria, DRMS



COST SUMMARY WORK

Task description: Cost Summary

Site: Greer Pit

Permit Action: 2019 Update

Permit/Job#: M1985115

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 6/4/2019

County: La Plata

Filename: M115-000

User: LJW

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

| Task | Description | Form Used | Fleet Size | Task Hours | Cost |
|--------------------------|----------------------|-----------|------------|--------------|----------------|
| 001 | Backfill highwall | DOZER | 1 | 14.36 | \$3,121 |
| 002 | Rip Pit Floor | RIPPER | 1 | 5.99 | \$1,350 |
| 003 | Redistribute Topsoil | DOZER | 1 | 2.69 | \$585 |
| 004 | Revegetate 2 acres | REVEGE | 1 | 6.00 | \$3,088 |
| 005 | Mobilize/Demobilize | MOBILIZE | 1 | 3.81 | \$1,535 |
| <u>SUBTOTALS:</u> | | | | 32.85 | \$9,679 |

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 0.00
Job superintendent: 17.42
Profit: 10.00

Total = \$196

Total = \$0

Total = \$1,273

Total = \$968

TOTAL O & P = \$2,436

CONTRACT AMOUNT (direct + O & P) = \$12,115

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0
Engineering work and/or contract/bid preparation: 0.00
Reclamation management and/or administration: 5.00

Total = \$0

Total = \$0

\$606

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$3,042

TOTAL BOND AMOUNT (direct + indirect) = \$12,721

BULLDOZER WORKTask description: **Backfill highwall**Site: **Greer Pit**Permit Action: **2019 Update**Permit/Job#: **M1985115****PROJECT IDENTIFICATION**Task #: **001**State: **Colorado**Abbreviation: **None**Date: **6/4/2019**County: **La Plata**Filename: **M85115-001**User: **LJW**Agency or organization name: **DRMS****HOURLY EQUIPMENT COST**Basic Machine: **Cat D8T - 8SU**Horsepower: **310**Blade Type: **Semi-Universal**Attachment: **3-shank ripper**Shift Basis: **1 per day**Data Source: **(CRG)****Cost Breakdown:**

| | | <u>Utilization %</u> |
|---------------------------|----------|-----------------------------|
| Ownership Cost/Hour: | \$93.62 | NA |
| Operating Cost/Hour: | \$73.35 | 100 |
| Ripper own. Cost/Hour: | \$8.93 | NA |
| Ripper op. Cost/Hour: | \$0.00 | 0 |
| Operator Cost/Hour: | \$41.52 | NA |
| Total unit Cost/Hour: | \$217.42 | |
| Total Fleet Cost/Hour: | \$217.42 | |

MATERIAL QUANTITIESInitial Volume: **5,556**Swell factor: **1.000**Loose volume: **5,556 LCY**Source of estimated volume: **500 LN FT Highwall, AVG 20 ft. Tall**Source of estimated swell
factor: **Cat Handbook****HOURLY PRODUCTION**Average push distance: **100 feet**Unadjusted hourly
production: **852.6 LCY/hr**Materials consistency description: **Loose stockpile 1.2**Average push
gradient: **0 %**Average site altitude: **6,600 feet**Material weight: **2,650 lbs/LCY**Weight description: **Decomposed rock - 25% Rock, 75% Earth****Job Condition Correction Factor****Source**

| | | |
|-----------------------|-------|---------------|
| Operator Skill: | 0.750 | (AVG.) |
| Material consistency: | 1.200 | (CAT HB) |
| Dozing method: | 1.000 | (GEN.) |
| Visibility: | 1.000 | (AVG.) |
| Job efficiency: | 0.830 | (1 SHIFT/DAY) |
| Spoil pile: | 0.700 | (FND-MF) |
| Push gradient: | 1.000 | (CAT HB) |
| Altitude: | 1.000 | (CAT HB) |
| Material Weight: | 0.868 | (CAT HB) |
| Blade type: | 1.000 | (PAT) |

Net correction: 0.4539

Adjusted unit
production: 387.00 LCY/hr

Adjusted fleet
production: 387 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.562/LCY

Total job time: 14.36 Hours

Total job cost: \$3,121

BULLDOZER RIPPING WORK

Task description: Rip Pit Floor

Site: Greer Pit

Permit Action: 2019 Update

Permit/Job#: M1985115

PROJECT IDENTIFICATION

Task #: 002

State: Colorado

Abbreviation: None

Date: 6/4/2019

County: La Plata

Filename: M115-002

User: LJW

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D8T - 8SU

Horsepower: 310

Ripper Attachment: 3-Shank Ripper

Shift Basis: 1 per day

Data Source: (CRG)

Cost Breakdown:

| | | Utilization % |
|-----------------------------|----------|---------------|
| Ownership Cost/Hour: | \$93.62 | NA |
| Operating Cost/Hour: | \$73.35 | 100 |
| Ripper Ownership Cost/Hour: | \$8.93 | NA |
| Ripper Operating Cost/Hour: | \$7.78 | 100 |
| Operator Cost/Hour: | \$41.52 | NA |
| Total Unit Cost/Hour: | \$225.20 | |
| Total Fleet Cost/Hour: | \$225.20 | |

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA

Bank Volume: NA

BCY NA

Area: 3.50 acres

Rip Depth (ft): 1.50

Volume: 8,470 BCY or CCY

Source of estimated quantity: DRMS Google Earth Estimates

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

| | | |
|---------------------------|--------|--------------|
| Average Ripping Depth: | 2.56 | feet/pass |
| Average Ripping Width: | 7.08 | feet/pass |
| Average Ripping Length: | 100.00 | feet/pass |
| Average Dozer Speed: | 88.00 | feet/minute |
| Average Maneuver Time: | 0.25 | minutes/pass |
| Production per unit area: | 0.703 | acres/hour |

Job Condition Correction Factors

Unadjusted Hourly Unit Production: 0.703 Acres/hr

Site Altitude: 6,600 feet

Altitude Adj: 1.00 (CAT HB)

Job Efficiency: 0.83 (1 shift/day)

Net Correction: 0.83 multiplier

Adjusted Hourly Unit Production: 0.58 Acres/hr

Adjusted Hourly Fleet Production: 0.58 Acres/hr

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: 5.99 Hours

Unit cost: \$385.719 Per acre Total job cost: \$1,350

BULLDOZER WORKTask description: Redistribute TopsoilSite: Greer PitPermit Action: 2019 UpdatePermit/Job#: M1985115**PROJECT IDENTIFICATION**Task #: 003State: ColoradoAbbreviation: NoneDate: 6/4/2019County: La PlataFilename: M115-003User: LJWAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D8T - 8SUHorsepower: 310Blade Type: Semi-UniversalAttachment: 3-shank ripperShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

| | | <u>Utilization %</u> |
|---------------------------|----------|----------------------|
| Ownership Cost/Hour: | \$93.62 | NA |
| Operating Cost/Hour: | \$73.35 | 100 |
| Ripper own. Cost/Hour: | \$8.93 | NA |
| Ripper op. Cost/Hour: | \$0.00 | 0 |
| Operator Cost/Hour: | \$41.52 | NA |
| Total unit Cost/Hour: | \$217.42 | |
| Total Fleet Cost/Hour: | \$217.42 | |

MATERIAL QUANTITIESInitial Volume: 2,420Swell factor: 1.000Loose volume: 2,420 LCYSource of estimated volume: 1.5 Acres slopes face + 1.5 Acres Pit floor, 6 in deepSource of estimated swell
factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 100 feetUnadjusted hourly
production: 852.6 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push
gradient: -5 %Average site altitude: 6,600 feetMaterial weight: 1,600 lbs/LCYWeight description: Top Soil**Job Condition Correction Factor****Source**

| | | |
|-----------------------|-------|---------------|
| Operator Skill: | 1.000 | (EXCL.) |
| Material consistency: | 1.200 | (CAT HB) |
| Dozing method: | 1.100 | (50% SL) |
| Visibility: | 1.000 | (AVG.) |
| Job efficiency: | 0.830 | (1 SHIFT/DAY) |
| Spoil pile: | 0.600 | (FND-SF) |
| Push gradient: | 1.115 | (CAT HB) |
| Altitude: | 1.000 | (CAT HB) |
| Material Weight: | 1.438 | (CAT HB) |
| Blade type: | 1.000 | (PAT) |

Net correction: 1.0540

| | |
|----------------------------|----------------------|
| Adjusted unit production: | 898.64 LCY/hr |
| Adjusted fleet production: | 898.64 LCY/hr |

JOB TIME AND COST

| | |
|-----------------|-------------------|
| Fleet size: | 1 Dozer(s) |
| Unit cost: | \$0.242/LCY |
| Total job time: | 2.69 Hours |
| Total job cost: | \$585 |

REVEGETATION WORKTask description: Revegetate 2 acresSite: Greer PitPermit Action: 2019 UpdatePermit/Job#: M1985115**PROJECT IDENTIFICATION**Task #: 004State: ColoradoAbbreviation: NoneDate: 6/4/2019County: La PlataFilename: M115-004User: LJWAgency or organization name: DRMS**FERTILIZING****Materials**

| Description | Units / Acre | Unit | Cost / Unit | Cost /Acre |
|-------------|-----------------|------|---|---------------|
| | | | \$ | \$ |
| | | | Total Fertilizer Materials Cost/Acre | \$0.00 |

Application

| Description | Cost /Acre |
|---|---------------|
| | \$ |
| Total Fertilizer Application Cost/Acre | \$0.00 |

TILLING

| Description | Cost /Acre |
|--|-----------------|
| Disc harrowing, 6" deep (MEANS 32 91 13.23 6100) | \$106.29 |
| Total Tilling Cost/Acre | \$106.29 |

SEEDING

| Seed Mix | Rate – PLS LBS / Acre | Seeds per SQ. FT | Cost /Acre |
|-------------------------------|--------------------------------|------------------------|----------------|
| Russian Wildrye - Vinal | 2.00 | 8.03 | \$12.36 |
| Pubescent Wheatgrass - Luna | 2.00 | 4.13 | \$8.34 |
| Streambank Wheatgrass - Sodar | 2.20 | 7.17 | \$13.71 |
| Western Wheatgrass - Arriba | 3.20 | 8.08 | \$26.50 |
| Totals Seed Mix | 9.40 | 27.42 | \$60.90 |

Application

| Description | Cost /Acre |
|-------------|------------|
|-------------|------------|

| | |
|---|-----------------|
| Broadcast seeding [DMG] | \$267.22 |
| Total Seed Application Cost/Acre | \$267.22 |

MULCHING and MISCELLANEOUS

Materials

| Description | Units / Acre | Unit | Cost / Unit | Cost /Acre |
|---|-----------------|------|-------------|-----------------|
| Hay, delivered {MEANS 31 25 14.16 1200} | 2.00 | TON | \$288.00 | \$576.00 |
| Total Mulch Materials Cost/Acre | | | | \$576.00 |

Application

| Description | Cost /Acre |
|--|-----------------|
| Crimping, with tractor {DMG survey data} | \$68.78 |
| Power mulcher (MEANS 32 91 13.16 0350) | \$92.78 |
| Weed spray, hand, non-aquatic area, nox. [DMG] | \$184.32 |
| Total Mulch Application Cost/Acre | \$345.88 |

NURSERY STOCK PLANTING

| Common Name | No / Acre | Type and Size | Planting Cost | Fertilizer Pellet Cost | Cost /Acre |
|----------------------------------|--------------|---------------|------------------|---------------------------|------------|
| | | | | | \$ |
| Totals Nursery Stock Cost / Acre | | | | | \$0.00 |

JOB TIME AND COST

| | | | |
|----------------------------------|------------------|---------------|------------|
| No. of Acres: | 2 | Cost / Acre: | \$1,356.29 |
| Estimated Failure Rate: | 15% | Cost / Acre*: | \$1,250.00 |
| *Selected Replanting Work Items: | SEEDING,MULCHING | | |
| Initial Job Cost: | \$2,712.58 | | |
| Reseeding Job Cost: | \$375.00 | | |
| Total Job Cost: | \$3,088 | | |
| Job Hours: | 6.00 | | |

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Mobilize/DemobilizeSite: Greer PitPermit Action: 2019 UpdatePermit/Job#: M1985115**PROJECT IDENTIFICATION**Task #: 005State: ColoradoAbbreviation: NoneDate: 6/4/2019County: La PlataFilename: M115-005User: LJWAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per dayCost Data Source: CRG DataTruck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT
TRAILER (25T, 50T, AND 100T)**Cost Breakdown:**

| Available Rig Capacities | 0-25 Tons | 26-50 Tons | 51+ Tons |
|---------------------------------|------------------|-------------------|-----------------|
| Ownership Cost/Hour: | \$16.63 | \$18.37 | \$22.33 |
| Operating Cost/Hour: | \$44.38 | \$46.13 | \$50.07 |
| Operator Cost/Hour: | \$27.66 | \$27.66 | \$27.66 |
| Helper Cost/Hour: | \$0.00 | \$25.39 | \$25.39 |
| Total Unit Cost/Hour: | \$88.67 | \$117.55 | \$125.45 |

NON ROADABLE EQUIPMENT:

| Machine Description | Weight/ Unit (TONS) | Owner ship Cost/hr/ unit | Haul Rig Cost/hr/uni t | Fleet Size | Haul Trip Cost/hr/ fleet | Return Trip Cost/hr/ fleet | DOT Permit Cost/ fleet |
|---|---------------------------|-----------------------------|------------------------------|---------------|--------------------------------|-------------------------------|---------------------------|
| Cat D8T - 8SU | 53.08 | \$102.55 | \$125.45 | 1 | \$228.00 | \$125.45 | \$0.00 |
| Power Mulcher (Bowie LD-90) | 6.00 | \$8.33 | \$88.67 | 1 | \$97.00 | \$88.67 | \$0.00 |
| Drill/Broadcast Seeder with Tractor | 25.00 | \$15.54 | \$88.67 | 1 | \$104.21 | \$88.67 | \$0.00 |

Subtotals: **\$429.21** **\$302.79** **\$0.00****ROADABLE EQUIPMENT:**

| Machine Description | Total Cost/hr/ unit | Fleet Size | Haul Trip Cost/hr/ fleet | Return Trip Cost/hr/ fleet |
|--------------------------------|------------------------|------------|-----------------------------|-------------------------------|
| Light Duty Pickup, 4x4, 3/4 T. | \$12.23 | 1 | \$12.23 | \$12.23 |

Subtotals: **\$12.23** **\$12.23**

EQUIPMENT HAUL DISTANCE and Time

| | | |
|--|----------------|-------|
| Nearest Major City or Town within project area region: | <u>DURANGO</u> | |
| Total one-way travel distance: | <u>25.00</u> | miles |
| Average Travel Speed: | <u>55.00</u> | mph |

| | |
|-------------------------------------|-------------------|
| Total Non-Roadable Mob/Demob Cost * | <u>\$1,523.87</u> |
| ** two round trips with haul rig: | |
| Total Roadable Mob/Demob Cost ** | <u>\$11.12</u> |
| ** one round trip, no haul rig: | |

Transportation Cycle Time:

| | Non-Roadable Equipment | Roadable Equipment |
|-------------------------|---------------------------|-----------------------|
| Haul Time (Hours): | <u>0.45</u> | <u>0.45</u> |
| Return Time (Hours): | <u>0.45</u> | <u>0.45</u> |
| Loading Time (Hours): | <u>0.50</u> | <u>NA</u> |
| Unloading Time (Hours): | <u>0.50</u> | <u>NA</u> |
| Subtotals: | <u>1.91</u> | <u>0.91</u> |

JOB TIME AND COST

| | | |
|-----------------|-------------|-------|
| Total job time: | <u>3.82</u> | Hours |
|-----------------|-------------|-------|

| | |
|-----------------|----------------|
| Total job cost: | <u>\$1,535</u> |
|-----------------|----------------|

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



Instructions for Certificate of Deposit Minerals Program Mineral Mining, Mineral Exploration and Mineral Prospecting Operations Public Funds Account

A Certificate of Deposit (CD) is a type of collateral bond. The permittee deposits money with a bank that Provides the State with a Certificate stating funds are available for reclamation. C.R.S. 34-32-117 and C.R.S. 34-32.5-117 addresses Financial Warranties. The following items should be met:

1. The CD **must** be issued by a PDPA eligible Colorado Bank, this is due to the PDPA requirements.
2. The Certificate of Deposit shall be set up as a **Public Funds Account** (this **must** be stated on the CD, the signature card/sheet, and the books of the bank). The Division's PDPA number must be shown on the CD and on the signature card. The Division's PDPA number is **010004005101**.
3. CD's **must** be **assigned** to the State of Colorado/Mined Land Reclamation Board. The bank issuing the certificate **must** use the Division's address (**1313 Sherman St., Rm 215, Denver, CO 80203**); and phone number (**(303) 866-3567**) on the certificate and also on the books of the bank.
4. The CD **must** be issued on an **automatically renewable** term. This must be stated on the CD and on the books of the bank.
5. The **original certificate** is provided to the Division of Reclamation, Mining and Safety, 1313 Sherman St., Rm 215, Denver, Colorado 80203 for safekeeping at the State Treasurer's office.
6. The Tax ID or Social Security number on the CD **must** be the original depositor of the monies. The original depositor of the monies **must** sign the Taxpayer Identification area on the signature card/sheet verifying the Tax ID number **before** sending the signature sheet/card to the Division for signature. The **only** approved endorsement signature on the CD is the Division Director's. The Division will return the signature card/sheet to the bank with the Director's signature. The interest may **not** accrue or compound against the principal, but should be paid out to the original depositor of the monies. The interest may be deposited into a Checking, Savings, or the interest may be paid out. All interest checks, statements, correspondence pertaining to the CD must be sent to the Division and the Division will then forward the information to the Original Depositor of the monies.
7. The bank is **required** to place a lock or hold on the account, until such time as the funds are released by the Division Director. The bank **must** provide proof of such lock or hold to the Division.
8. An Assignment of Certificate of Deposit form **must** be executed in the presence of a notary with a copy provided to the bank to allow only the Colorado Mined Land Reclamation Board access to these funds until the Division Director releases the funds back to the Operator.
9. The operator **must** submit an executed "Financial Warranty/Certificate of Deposit" form in support of the Certificate of Deposit being submitted as a bond for a mining operation, or they must submit an executed "One-Site Prospecting Bond" form or a "Statewide Prospecting Bond" form in support of the Certificate of Deposit being submitted as a bond for Mineral Exploration or Mineral Prospecting.

If you have **any** questions regarding the issuance of the CD, please contact the Minerals Program Bonding Specialist at (303) 866-3567.

M:\min\share\bondforms\CD Instructions.doc

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



FINANCIAL WARRANTY CERTIFICATE OF DEPOSIT

Operator: _____
Operation: _____
Permit No.: _____

Bank: _____
Street: _____
City: _____
State: _____ Zip Code: _____
Area Code: _____ Telephone: _____ FAX: _____

This form has been approved by the Mined Land Reclamation Board pursuant to sections 34-32-117, C.R.S., of the Mined Land Reclamation Act and 34-32.5-117, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials. Any alteration or modification of this form, without approval by the Board shall result in the financial warranty being invalid and result in the voiding of any permit issued in conjunction with such invalid financial 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 Mined Land Reclamation Act and 34-32.5-123, C.R.S., of the Colorado Land Reclamation Act for the Extraction of Construction Materials.

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, the Colorado Mined Land Reclamation Act, C.R.S. 1973, 34-32-101, et seq. (the "Act"), as amended, provides that no permit may be issued under the Act until the Mined Land Reclamation Board (the "Board") receives a Financial Warranty (or Warranties) as described in the Act.

WHEREAS, _____ (the "Operator"), a _____ corporation, 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 the application for the permit, the Operator has agreed to be bound by all requirements of the Act and all applicable rules and regulations of the Board, as amended from time to time.

WHEREAS, in the application for the permit, the Operator has agreed with the Board to provide for reclamation of the Affected Lands that are now, or may become, subject to the permit, as required by law.

WHEREAS, the Board has determined, in accordance with the Act, that the estimated costs of reclamation of the Affected Lands are those amounts for the stated periods of time as set forth herein. Said amount may be amended from time to time to reflect revised estimates of said costs of reclamation.

WHEREAS, the Operator, in accordance with the Act, has promised and hereby promises the Board that it will be responsible for all the estimated costs of reclamation with regard to the Affected Lands.

WHEREAS, the Board has determined that the Financial Warranty by the Operator equals the estimated costs of reclamation, as approved by the Board, with regard to the Affected Lands.

WHEREAS, as proof of its financial responsibility, the Operator has proceeded pursuant to Section 34-32-117(3)(a)(III) of the Act and has caused the _____ Bank of _____, State of _____ (the "Bank") to issue a Certificate of Deposit, No. _____, dated _____, _____, payable to the Board in the amount of _____ Dollars (\$ _____) for the life of the mine or the period from _____ through _____, and has delivered it to the State, to be held by the State as proof of the Operator's financial responsibility under this Financial Warranty. The Bank is not a party to this agreement. Its obligations are set forth in its Certificate of Deposit. Nothing in this Financial Warranty diminishes or qualifies the Bank's obligations under its Certificate of Deposit.

NOW, THEREFORE, the Operator is held hereby firmly unto the State of Colorado in the amount of those sums for those periods of time as set forth herein, until this Financial Warranty is amended or released in accordance with applicable law.

The Board may, for good cause shown, increase or decrease the amount and duration of this Financial Warranty. The Operator shall have sixty (60) days after the date of notice of any such adjustment to fulfill all new requirements.

The Operator shall notify the Board immediately of any event which may impair this Financial Warranty. If the Board receives such notice, or otherwise has reason to believe that this Financial Warranty has been materially impaired, it may convene a hearing in accordance with the Act for the purpose of determining whether impairment has occurred.

The obligation of the Bank shall continue until released in writing by the Board in accordance with applicable laws specifying Financial Warranty release procedures.

In the event of forfeiture, the Board shall present a Board Order for payment of the Certificate of Deposit to the Board. No other condition precedent need be fulfilled to entitle the Board to receive the amount of any such Certificate. However, if, upon completion of such reclamation by the Board, the cost of reclamation shall be less than the amount received from the Bank, the excess shall be promptly refunded to the Operator.

The obligation of the Operator shall continue until the Board has released this Financial Warranty, or has ordered it forfeited in accordance with applicable provisions of the Act. It is understood that periods of years may necessarily be required before determination can be made that reclamation of the Affected Lands has been satisfactorily completed. It is also recognized that, as reclamation is accomplished, the amount of this Financial Warranty may be reduced with the approval of the Board so that it reflects the then current estimated cost of the remaining reclamation of the Affected Lands. No revision, extension, or renewal of the permit or of the time allowed to complete reclamation shall diminish the Operator's obligation under this Financial Warranty.

In any single year during the life of the permit, the amount of the Financial Warranty shall not exceed the estimated cost of fully reclaiming all lands to be affected in said year, plus all lands affected in previous permit years and not yet fully reclaimed. Reclamation costs shall be computed with reference to current reclamation costs.

The amount of this Financial Warranty is based upon estimates as to the cost of reclamation, and does not operate to liquidate, limit, enlarge, or restrict the Operator's obligations to complete the reclamation, even though the actual costs thereof may substantially exceed the amount of this Financial Warranty.

This Financial Warranty shall be subject to forfeiture whenever the Board determines that any one or more of the following circumstances exist:

1. A Cease and Desist Order entered pursuant to Section 34-32-124 of the Act has been violated, and the corrective action proposed in such Order has not been completed, although ample time to have done so has elapsed; or
2. The Operator is in default under its Performance Warranty, and such default has not been cured, although written notice and ample time to cure such default has been given; or
3. The Operator has failed to maintain its Financial Warranty in good standing, as required by the Act; or
4. The Operator no longer has the financial ability to carry out its obligations in accordance with the Act.

The description of lands herein is for convenience of reference only, and no error in such description, nor any revision of the permitted mining area, nor the disturbance by the Operator of lands outside of the permitted mining area shall alter or diminish the obligations of the Operator hereunder, which shall extend to the reclamation of all such lands disturbed.

Interest on Certificates of Deposit shall not be credited to the Certificate of Deposit. The Operator shall receive all such interest.

The Operator may, from time to time, withdraw a Certificate of Deposit which is assurance hereunder if and to the extent that a substitute Certificate of Deposit is simultaneously deposited as assurance hereunder in the same amount as the Certificate withdrawn.

If this Financial Warranty applies to National Forest System lands, and if this Financial Warranty is accepted by the United States Forest Service ("U.S.F.S.") as the bond required under 36 C.F.R., 228.13, then the Operator, having requested that the Board and the U.S.F.S. accept this single Financial Warranty in lieu of the separate bonds which would otherwise be required by applicable law, hereby agrees that, notwithstanding any other provision hereof, or of law, this Financial Warranty shall remain in full force and effect until U.S.F.S. has advised the Board by written notice that the Operator's obligations to U.S.F.S., for which this Warranty is executed, have been satisfied, and until the financial warranty has been released by the Board.

If this Financial Warranty applies to lands under the jurisdiction of the State Board of Land Commissioners ("Land Board"), and if this Financial Warranty, in whole or in part, is accepted by the Land Board as the bond required under its applicable law and procedures, then the Operator, having requested that the State accept this Financial Warranty in lieu of the separate bonds which would otherwise be required by the Colorado Mined Land Reclamation Board or Division and by the Land Board, hereby agrees that, notwithstanding any other provision hereof, or of law, this Financial Warranty shall remain in full force and effect until the Board is notified in writing by the Land Board that the Operator's obligations to the Land Board, for which this Warranty is executed, have been satisfied, and until the financial warranty has been released by the Board.

If all or any part of the Affected Lands are under the jurisdiction of the Bureau of Land Management, United States Department of the Interior (the "BLM"), and if, at the request of the Operator on this Financial Warranty, the BLM has, pursuant to 43 C.F.R., 3809.1-9, accepted this Financial Warranty in lieu of requiring a separate reclamation bond payable to the United States, then, notwithstanding any other provision of this Financial Warranty, or of law, the Operator hereby agrees that this Financial Warranty shall not be released until the Board is advised in writing by the BLM that the Operator's obligations to the BLM, for which this Warranty is executed, have been satisfied, and until the financial warranty has been released by the Board.

This Financial 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 _____, _____.

_____(SEAL)
Operator

By: _____
Signature

Title: _____

NOTARIZATION OF OPERATOR'S ACKNOWLEDGMENT

STATE OF _____)
) ss.
COUNTY OF _____)

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

NOTARY PUBLIC

My Commission expires: _____

APPROVED:

State of Colorado
Mined Land Reclamation Board
Division of Reclamation, Mining and Safety

By: _____ Date: _____
Division Director

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



ASSIGNMENT OF CERTIFICATE OF DEPOSIT

TO WHOM IT MAY CONCERN:

REFERENCE: Certificate of Deposit Number _____

By submission of this letter, to be attached to the above referenced Certificate of Deposit, I hereby relinquish all title and claim to said certificate to the State of Colorado/Mined Land Reclamation Board, except for accrued interest against the original monies, until such time as the Division of Reclamation, Mining and Safety/Mined Land Reclamation Board releases the certificate. This assignment of Certificate of Deposit supersedes any signature cards that may already be on file at the bank.

BY: _____

Operator: _____
Depositor of Original Monies

ACKNOWLEDGMENT OF BANK

NOTARY (Of Operator Signature)
Commission Expires _____

SIGNATURE: _____

BY: _____

TITLE: _____

DATE: _____

Note to Operator:

This assignment will need to be executed in the presence of a notary. The original is held by the Division with a copy provided to the bank, to allow only Division of Reclamation, Mining and Safety access to these funds