



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman St. Room 215
Denver, CO 80203

November 19, 2019

Keith McFarland
McFarland Enterprises, Inc.
1810 Mineral St
Silverton, CO 81433

Re: File No. M-2017-044, Hobo 2, M-2017-044 Decision Letter - Financial and Performance Warranty Request - Hard Rock Mining Operation

Mr. McFarland:

On November 18, 2019, the Division of Reclamation, Mining and Safety (Division) received the information required in the various adequacy review. Staff review has determined that your application has met the minimum requirements of the Colorado Mined Land Reclamation Act and the Hard Rock and Metals Mining Rules. Therefore, effective Tuesday November 18, 2019 Division Staff has **approved** your 110(1) mining permit application.

The amount of financial warranty set by the Division for this operation is **\$12,960.00**. Please see the enclosed Reclamation Cost Estimation Worksheets for details. This is a **\$2,960.00** increase over the currently held **\$10,000.00** interim Financial Warranty. You must submit a replacement financial warranty in this amount or a rider to the currently held Financial Warranty to ensure a total warranty of not less than \$12,960.00. Please also complete and submit the enclosed performance warranty. Both the Financial Warranty and the Performance Warranty must be received by the Division in order for us to issue a permit. In the event you have requested a financial warranty form, we have enclosed it in this letter. If you wish to submit a different Financial Warranty type please contact our office so we may provide you with the appropriate forms. All bonding related questions should be directed to Gabriel Benvenuti, DRMS Bonding Specialist at 303-866-3567 Ext. 8148.

PLEASE NOTE THAT MINING OPERATIONS MAY NOT COMMENCE UNTIL A PERMIT HAS BEEN ISSUED BY THE DIVISION AFTER RECEIPT OF YOUR FINANCIAL WARRANTY AND PERFORMANCE WARRANTY. A PERMIT WILL NOT BE ISSUED UNTIL WE VERIFY THE ADEQUACY OF BOTH YOUR FINANCIAL WARRANTY AND PERFORMANCE WARRANTY. If you have any questions, please contact me.



Sincerely,



Lucas J. West

Environmental Protection Specialist

Division of Reclamation, Mining and Safety

Enclosure: Reclamation Cost Estimation Worksheets
 Performance Warranty
 Financial Warranty Check for Deposit in State Treasury on Bureau of Land Management
 Land

Cc: Travis Marshall, Senior Environmental Protection Specialist

Ec: Kenny Shaaf, ITC Resources
 Keith McFarland, McFarland Enterprises Inc.

COST SUMMARY WORK

Task description: _____

Site: Hobo 2

Permit Action: Approved Permit

Permit/Job#: M2017044

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 11/18/2019

County: San Juan

Filename: M044-000

User: LJW

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Demolish and Remove portal shed structure	DEMOLISH	1	8.00	\$53
002	Seal mine portal	MINESEAL	1	16.00	\$3,601
003	Grade waste dump, misc. grading and topsoil replacement	EXCAVATE	1	1.62	\$123
004	Revegetation of affected lands	REVEGE	1	12.00	\$3,988
005	Mobilization and Demob	MOBILIZE	1	5.00	\$1,843
<u>SUBTOTALS:</u>				42.62	\$9,608

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 21.31
Profit: 10.00

Total = \$194

Total = \$101

Total = \$1,479

Total = \$961

TOTAL O & P = \$2,734

CONTRACT AMOUNT (direct + O & P) = \$12,342

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

\$617

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$3,352

TOTAL BOND AMOUNT (direct + indirect) = \$12,960

DEMOLITION WORK

Task description: Demolish and Remove portal shed structure

Site: Hobo 2

Permit Action: Approved Permit

Permit/Job#: M2017044

PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 11/18/2019

County: San Juan

Filename: M044-001

User: LJW

Agency or organization name: DRMS

UNIT COSTS

Location adjustment: 86.60 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Portal Shed	10 x 12	Bldg. (SN) demo./off-site disposal in approved landfill - Max. 15 mile haul	81.00	CF	\$0.35	\$28.35
Dump fees	3 CY	Dump fees - Building construction materials.	3.00	CY	\$11.10	\$33.30

Job Hours: 8.00

Subtotal
(unadjusted): \$61.65

Total Cost
(adjusted for
location): \$53.39

SAFEGUARDING UNDERGROUND OPENINGS

Task description: Seal mine portal

Site: Hobo Mine

Permit Action: Approved Permit

Permit/Job#: M2017044

PROJECT IDENTIFICATION

Task #: 002

State: Colorado

Abbreviation: None

Date: 11/18/2019

County: San Juan

Filename: M044-002

User: LJW

Agency or organization name: DRMS

UNIT COSTS

Opening Description	Dimensions	Closure Method	Quantity	Unit	Unit Cost	Total Cost
exposed historic portal	6 x 10 ft	Adit closure - blasting with explosives (per opening)	1.00	EA	\$3,601.38	\$3,601.38

Job Hours: 16.00

Total Cost: \$3,601.38

HYDRAULIC EXCAVATOR WORK

Task description: Grade waste dump, misc. grading and topsoil replacement

Site: Hobo Mine

Permit Action: Approved Permit

Permit/Job#: M2017044

PROJECT IDENTIFICATION

Task #: 003

State: Colorado

Abbreviation: None

Date: 11/18/2019

County: San Juan

Filename: M044-003

User: LJW

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat 307D 7'-3" Stick

Attachment 1: ROPS Cab

Horsepower: 56

Weight (MT): 7.23

Shift Basis: 1 per day

Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	\$20.81	NA
Operating Cost/Hour:	\$17.93	100
Operator Cost/Hour:	\$37.27	NA
Total Unit Cost/Hour:	\$76.00	
Total Fleet Cost/Hour:	\$76.00	

MATERIAL QUANTITIES

Initial volume: 100

CCY

Swell factor: 1.430

Loose volume: 143

LCY

Source of estimated volume: Operator Provided in Reclamation Plan

Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Excavator Cycle Time (load bucket, swing loaded, dump bucket, swing empty):

Basic Job Condition Description: AVERAGE

Secondary Job Condition within Basic Description: AVERAGE

Cycle Time Value: 0.242 minutes

Load Bucket Capacity

Bucket Size Class: Large

Rated Capacity: 0.59 LCY (heaped)

Bucket Fill Factor: 0.875 Loose material - 1/2" to 3/4" (85 - 90%) 0.875

Adjusted Capacity: 0.52 LCY

Job Condition Correction Factors

Site Altitude: 10770 feet

Altitude Adj:	0.83	Source (CAT HB)
Job Efficiency:	0.83	(1 shift/day)
Net Correction:	0.69	multiplier

Unadjusted Hourly Unit Production: 128.00 LCY/Hour

Adjusted Hourly Unit Production: 88.18 LCY/Hour

Adjusted Hourly Fleet Production: 88.18 LCY/Hour

JOB TIME AND COST

Fleet size: 1 Excavator Total job time: 1.62 Hours

Unit cost: \$0.862 /LCY Total job cost: \$123

REVEGETATION WORKTask description: Revegetation of affected landsSite: Hobo MinePermit Action: Approved PermitPermit/Job#: M2017044**PROJECT IDENTIFICATION**Task #: 004State: ColoradoAbbreviation: NoneDate: 11/18/2019County: San JuanFilename: M044-004User: 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
	\$
Total Tilling Cost/Acre	\$0.00

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Alpine Bluegrass	0.40	9.18	\$5.70
Thickspike Wheatgrass - Critana	0.17	0.60	\$1.17
Timothy, Alpine - Native	0.35	10.45	\$8.49
Tufted Hairgrass	0.40	22.96	\$4.41
Totals Seed Mix	1.32	43.19	\$19.77

Application

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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
Herbicide - Glyphosate (Journey)@ 1.0 pt/ac	1.00	ACRE	\$4.16	\$4.16
Jute mesh #2, stapled (MEANS 31 25 14.16 0300)	2.00	ACRE	\$1,306.80	\$2,613.60
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$295.00	\$590.00
Total Mulch Materials Cost/Acre				\$3,207.76

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$70.17
Weed spray, hand, non-aquatic area, nox. [DMG]	\$180.00
Total Mulch Application Cost/Acre	\$250.17

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:	0.71	Cost /Acre:	\$3,744.92
Estimated Failure Rate:	50%	Cost /Acre*:	\$3,744.92
*Selected Replanting Work Items:	SEEDING,MULCHING		
Initial Job Cost:	\$2,658.89		
Reseeding Job Cost:	\$1,329.45		
Total Job Cost:	\$3,988		
Job Hours:	12.00		

EQUIPMENT MOBILIZATION/DEMobilIZATIONTask description: **Mobilization and Demob**Site: **Hobo Mine**Permit Action: **Approved Permit**Permit/Job#: **M2017044****PROJECT IDENTIFICATION**Task #: **005**State: **Colorado**Abbreviation: **None**Date: **11/18/2019**County: **San Juan**Filename: **M044-005**User: **LJW**Agency or organization name: **DRMS****EQUIPMENT TRANSPORT RIG COST**Shift basis: **1 per day**
Cost Data Source: **CRG Data**Truck 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:	\$17.20	\$29.63	\$38.69
Operating Cost/Hour:	\$26.56	\$47.02	\$55.69
Operator Cost/Hour:	\$23.63	\$23.63	\$23.63
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$67.39	\$123.81	\$141.54

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Cat 307D 7'-3" Stick	7.95	\$20.81	\$67.39	1	\$88.20	\$67.39	\$250.00
Drill/Broadcast Seeder with Tractor	25.00	\$18.15	\$67.39	1	\$85.54	\$67.39	\$250.00

Subtotals: **\$173.74** **\$134.78** **\$500.00****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.	\$12.96	1	\$12.96	\$12.96

Subtotals: **\$12.96** **\$12.96**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	SILVERTON	
Total one-way travel distance:	10.00	miles
Average Travel Speed:	20.00	mph

Total Non-Roadable Mob/Demob Cost *	\$1,829.74
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$12.96
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.50	0.50
Return Time (Hours):	0.50	0.50
Loading Time (Hours):	0.75	NA
Unloading Time (Hours):	0.75	NA
Subtotals:	2.50	1.00

JOB TIME AND COST

Total job time:	5.00	Hours
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Total job cost:	\$1,843
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COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

PERFORMANCE WARRANTY

Permittee/Operator: _____

Operation known as: _____

Permit Number: _____

This form is approved by the Colorado Mined Land Reclamation Board ("Board") pursuant to C.R.S. 34-32-117 of the Colorado Mined Land Reclamation Act and C.R.S. 34-32.5-117 of the Colorado Land Reclamation Act for the Extraction of Construction Materials.

All parties are on Notice from this Document that:

The above listed Operator provides this warranty to the Board in conjunction with a reclamation Permit to conduct the above described mining operation on certain lands in Colorado. The "Affected Lands" are described in the above listed reclamation Permit, and include any Permit Amendment(s) approved by the Division of Reclamation Mining and Safety ("Division").

The Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 *et seq.* ("Hard Rock Act"), and the Colorado Land Reclamation Act for the Extraction of Construction Materials, C.R.S. 34-32.5-101 *et seq.* ("Construction Materials Act"), both require a permit issued by the Board to include a written promise by the Operator to comply with all requirements of the Hard Rock and Construction Materials Acts (referred to herein together as "Acts").

Through the terms and conditions of this performance warranty and Permit, the Operator agrees to be bound by all requirements of the Acts and all Mineral Rules and Regulations of the Board for Hard Rock, Metal, and Designated Mining Operations (2 C.C.R. 407-1) and all Mineral Rules and Regulations of the Board for the Extraction of Construction Materials (2 C.C.R. 407-4) (referred to herein together as "Rules").

The Operator hereby provides the Board warranties of performance pursuant to C.R.S. 34-32-117(2), (3), and (4)/C.R.S. 34-32.5-117(2), (3), and (4), and promises the Board it will comply with all applicable requirements of the Acts and Rules.

The Operator hereby promises the Board it will comply with all of the terms of the reclamation Permit, including any Permit Amendment(s) approved by the Division. This performance warranty obligation of the Operator shall continue until the Operator's liability is released by the Board.

The Operator promises to be responsible for reclamation costs up to the amount established by the Board and incorporates its financial warranty to this performance warranty. The Operator agrees to maintain a financial warranty (or warranties) in good standing for the reclamation costs for the entire life of the



Permit. The amount of the financial warranty shall be sufficient to assure the completion of reclamation of affected lands if the Division has to complete such reclamation due to forfeiture. If the Board determines the Operator is in default under this performance warranty and the Operator fails to cure such default, the Operator's financial warranty shall be subject to forfeiture pursuant to C.R.S. 34-32-118/34-32.5-118.

This performance warranty by the Operator is perpetual and shall remain in full force and effect until all obligations have been met and all associated financial warranty is released by the Board. Any release of liability in a succession of Operators shall comply with C.R.S. 34-32-119/34-32.5-119.

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 _____, 20_____.

Operator: _____

Signature: _____

Name: _____

Title: _____

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____
(Day) (Month) (Year)
by _____ as _____
(Name) (Title)
of _____
(Operator)

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



FINANCIAL WARRANTY

CHECK FOR DEPOSIT IN STATE TREASURY

ON BUREAU OF LAND MANAGEMENT LAND

Operator _____

Operation _____

Permit No. _____ Check No. _____

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 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 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, the Operator, in accordance with the Act has promised and hereby promises the Board that it will be responsible for all of the estimated costs of reclamation 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) of the Act and has executed a personal check, business check, cashier's check, or certified check No. _____, payable to the Mined Land Reclamation Board and the United States Department of the Interior, Bureau of Land Management, Colorado State Director ("BLM") in the amount of _____ dollars (\$_____).

The Board has deposited the executed personal or business check, cashier's check or certified funds in the State of Colorado Treasury ("state treasury"). The above-mentioned sum is to be held as proof of the Operator's financial responsibility under this financial warranty.

The Operator has provided to the Board as proof of its authority to execute the above-mentioned personal or business check, by one of the following methods, as it applies to the Operator:

1. If the operator is a corporation, a copy of the corporate resolution, specifying the individuals that have authority to execute checks on behalf of the corporation.
2. If the Operator is a partnership, a copy of the partnership resolution, specifying the individuals that have authority to execute checks on behalf of the partnership.
3. If the Operator is an individual or a sole proprietor, confirmation from the bank stating the individuals that have authority to execute the above-mentioned check.

If the Operator has elected to proceed with a personal or business check, this financial warranty is not effective until the personal or business check has cleared the bank upon which it was drawn.

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 Board or the Colorado State Director, BLM may withdraw the funds deposited in the state treasury held hereunder, if the Board or the Colorado State Director, BLM determines that reclamation which ought to have been performed by the Operator, or its successors or assigns, remains unperformed. No other condition precedent need be fulfilled to entitle the Board or the Colorado State Director, BLM to receive the funds deposited in the state treasury. However, if, upon completion of such reclamation by the Board or the Colorado State Director, BLM, the cost of reclamation shall be less than the amount received from the state treasury, the excess shall be promptly refunded to the Operator.

The obligation of the Operator shall continue until the Board or the Colorado State Director, BLM 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 or the Colorado State Director, BLM 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.

Upon completion of reclamation by the Operator, and if the Board or the Colorado State Director, BLM finds the reclamation satisfactory, the Board or the Colorado State Director, BLM shall release the Financial Warranty and cause the state treasury to issue a check payable to the Operator in the amount of the original Financial Warranty and to include all accrued interest.

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 or the Colorado State Director, BLM 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.

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 its release has been approved 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 of Reclamation, Mining and Safety 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 its release is approved 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. 3809.570, accepted this Financial Warranty then, notwithstanding any other provision of this Financial Warranty, or of law, the Operator and Warrantor hereby agree 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. The Operator agrees that this Warranty shall also be redeemable by the Colorado State Director, U.S. Bureau of Land Management

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 and dated this _____ day of _____, _____.

Operator (SEAL)

By: _____
Authorized Signature

Title

NOTARIZATION OF OPERATOR'S ACKNOWLEDGEMENT

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: _____
Division Director

Date: _____

Request for Taxpayer Identification Number and Certification

Give form to the
requester. Do not
send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership
☐ Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶
☐ Other (see instructions) ▶

☐ Exempt
payee

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

or

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign
Here

Signature of
U.S. person ▶

Date ▶

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),

2. The United States or any of its agencies or instrumentalities,

3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,

4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or

5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,

7. A foreign central bank of issue,

8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,

9. A futures commission merchant registered with the Commodity Futures Trading Commission,

10. A real estate investment trust,

11. An entity registered at all times during the tax year under the Investment Company Act of 1940,

12. A common trust fund operated by a bank under section 584(a),

13. A financial institution,

14. A middleman known in the investment community as a nominee or custodian, or

15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7 ²

¹See Form 1099-MISC, Miscellaneous Income, and its instructions.

²However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.