

Mark A. Heifner

37 East Colorado Avenue • Denver, Colorado 80210-3105 • (303) 906-8096

August 1, 2012

Berhan Keffelew
Division of Reclamation, Mining and Safety
Room 215
1313 Sherman Street
Denver, CO 80203

RE: Request of withdrawal of SR4 submitted June 12, 2012
Permit: M-1988-044

Dear Mr. Keffelew:

As discussed this morning, the SR4 submitted on June 12, 2012, is being withdrawn. The subject of the SR4 request will be addressed in a Technical Revision to be submitted probably tomorrow. Attached is the original text of SR4 overwritten with the words "Withdrawn 08/01/2012" to make it clear that this action has no effect on the permit.

Thank you.

Respectfully,

Mark A. Heifner

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June 12, 2012

Berhan Keffelew
Division of Reclamation, Mining and Safety
Room 215
1313 Sherman Street
Denver, CO 80203

RE: Request for bond reduction and release of reclaimed lands at Coal Creek Resource site
Permit: M-1988-044

Dear Mr. Keffelew:

Please find enclosed two copies of a request for bond reduction and release of a total of 114.25 acres of reclaimed land at this site. The request includes a map showing the lands considered reclaimed and requested for release and the acreage of each parcel. These parcels have been in reclamation for anywhere from three to five years and more in one instance. When you desire to perform an inspection of these lands, please contact myself. This letter provides my address and cell phone number.

Because of the structure and terms of the permit and the lease from the Colorado State Board of Land Commissioners, it is Schmidt's desire to retain some of the bonded acreage that is released, but have that acreage applied to undisturbed lands. It is desired to retain 30 acres of the released acreage. This would be applied to Area 1U and 2U of the affected land shown in the permit. In the event the release is for less than 30 acres total, then all of the released acreage should be retained and applied to future mining in the stated areas. If the release acreage is greater than 30 acres, then all the land greater than 30 acres will be included in a bond reduction. Recalculation of the reclamation costs will be done after it is determined how many acres can be released. This is necessary because according to the lease and various agreements, no more than 250 acres can be affected without land being reclaimed and released. Therefore, there is no point in bonding more than 250 acres maximum at any one time. Schmidt is pursuing a lease extension which would only extend the term of the lease and not affect more land or change the boundaries of the land already designated as mining areas. Also, at least 1000 other acres would likely be removed from the lease and the permit. The current lease ends in 2014. It is fairly certain that with the additional acreage derived from release, up to 30 acres, there will be sufficient land available to complete the term of the current lease. If the lease is extended more acreage would likely be bonded at that time, up to the 250 acre limit on affected land.

Thank you for your prompt consideration of this request.

Respectfully,

Mark A. Heifner

cc: Schmidt Construction - Scott Davis, Don Opheim