

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.

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STATE OF COLORADO

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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 _____, _____.

Operator (SEAL)

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

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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