

IRREVOCABLE LETTER OF CREDIT
ON BUREAU OF LAND MANAGEMENT LAND
(Third Party)

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

BENEFICIARIES:

STATE OF COLORADO
MINED LAND RECLAMATION BOARD
215 CENTENNIAL BUILDING
1313 SHERMAN STREET
DENVER, COLORADO 80203

LETTER OF CREDIT NUMBER: _____

Amount U.S. \$ _____

Date of Issuance: _____

Initial Expiration Date: _____

and

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
COLORADO STATE OFFICE
2850 YOUNDFIELD STREET
LAKEWOOD, COLORADO 80215

Applicant: _____ Permit No: _____
Street: _____
City: _____
State: _____ Zip Code: _____
Area Code: _____ Telephone: _____

Warranty

For: _____
(Operator's Name)

Permit No: _____ County of Operation: _____

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.

Director:

We hereby issue and establish our irrevocable letter of credit, the amount of which is available by beneficiary's draft or drafts drawn upon us, which shall be paid at sight, when accompanied by the following document:

A written statement of the Director ("the Director") of the Division of Reclamation, Mining and Safety of the State of Colorado ("the Division") certifying that he is a duly authorized official acting on behalf of the State of Colorado and that the amount of the accompanying sight draft is due and payable to the State of Colorado pursuant to applicable provisions of Colorado statutes governing mined land reclamation and that _____ (Operator's Name) or its successor has neglected, failed, or refused to pay such amount although requested to do so by the Director.

A written statement of the Colorado State Director, or the designee from an office that has been delegated the authority, certifying that he is a duly authorized official acting on behalf of the United States Department of the Interior, Bureau of Land Management and that the amount of the accompanying sight draft is due and payable to the United States Department of the Interior, Bureau of Land Management, Colorado State Office for Construction Materials pursuant to the applicable provisions of the Materials Act of 1947, as amended and the Bureau of Land Management's 43 C.F.R. 3600, or for Hardrock Materials, pursuant to the applicable provisions of the General Mining Law of 1872, as amended and the Bureau of Land Management's 43 C.F.R. 3809 regulations and that _____ (Operator's Name) or its successor has neglected, failed, or refused to pay such amount although requested to do so by the Director.

Each sight draft so drawn and presented shall be honored by us if presented prior to the close of business on the expiration date of this letter of credit. The Bank shall make a payment by wire transfer or certified Bank check to the Beneficiary. This letter of credit refers to _____ (Operator's Name) application for a permit to engage in mining and reclamation activities within the State of Colorado.

It is an express condition of this letter of credit that it shall be automatically extended for successive additional periods of one year each, from the initial and each future expiration date unless the _____ ("the Bank") shall notify the Director and the Colorado State Director of the United States Department of the Interior, Bureau of Land Management at least 90 days prior to an expiration date in writing by registered mail, at the above address, that the Bank elects not to extend the letter of credit for such additional period. In such event, in addition to his power to draw hereon under the preceding paragraphs, the Director or the Colorado State Director of the United States Department of the Interior, Bureau of Land Management may draw the full or any lesser amount hereof at any time prior to such expiration date by sight draft, or drafts, accompanied by the written statement of the Director or the Colorado State Director of the United States Department of the Interior, Bureau of Land Management certifying that the amount drawn will be held as a cash deposit in lieu of financial warranty, as provided in applicable Colorado statutes governing mined land and reclamation.

The original signed letter of credit and any amendments will be presented to the Bank by the beneficiary along with any draft presented pursuant to this letter of credit, and will be surrendered to the Bank with any draft which draws the full amount, or the balance remaining available, under this letter of credit. Delivery of the original letter of credit, sight draft(s) and all other documents required as a condition precedent for payment, may be made by overnight courier to the Bank. Each payment on a draft shall reduce the aggregate above written amount by the amount drawn.

This Letter of Credit is subject to Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce – Publication No. 600 (the "UCP600") and shall be governed by the laws of the State of Colorado with respect to subject matters not addressed by the UCP600. In the event of an action between the beneficiary and the Bank regarding this letter of credit, the bank submits to the jurisdiction and venue of the Denver District Court, State of Colorado. The Bank agrees to accept service of process in any such action, if service is made by registered or certified mail (return receipt requested) or courier service, postage or delivery fee prepaid, to the address of the Bank set forth above.

If any expiration date specified herein shall fall upon a day other than a regular business day of the Bank, the expiration date shall ipso facto be extended to the close of business on the next successive business day of the Bank.

Bank _____

By _____ Date _____

Authorized Signature

Title: _____

- NOTES:
1. The Letter of Credit shall not be in excess of 10 percent of the bank's capital surplus account or in excess of 30 percent if the applicant has more than one Letter of Credit for different permits. To demonstrate this requirement, the issuing bank shall provide a balance sheet certified by a Certified Public Accountant. The Bank's most recent Annual Report or Call Report shall satisfy this requirement.
 2. The Letter of Credit shall be submitted on the Bank's letterhead.
 3. The Mined Land Reclamation Board or the Office of Mined Land Reclamation may recover the necessary costs, including attorney's fees or fees incurred in foreclosing on or realizing the collateral used in the event this Letter of Credit is forfeited. The face amount of this Letter of Credit shall be increased by five hundred dollars (\$500.00) to cover these costs