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Subject: Acreage Difference Between Hiawatha Phase I and Phase III Bond Release

To: Charles Reynolds

The phase III bond release public notice included 133.1 acres. It should have only claimed 83.1 acres. The borrow area acreage should have been 14.4 acres and not 64.4.

On June 21, 2016 in a phone conversation you mentioned there is approximately a 40-acre discrepancy between the Hiawatha Phase I bond release and the Hiawatha Phase II bond release. The Phase I bond release included 95.9 acres, the Phase III bond release included 133.1 acres, for a difference of 37.2 acres. You had also stated that the legal descriptions appeared to be identical. However, for section 27, phase I was for the SE ¼ SE ¼ Phase III was for S ½ SE ¼. Also the phase I bond included portion of Middle Fork and the Phase III did not.

The Phase I and Phase III bond release acreage will not correlate since Phase I included all areas where structures were removed and where soil was moved. Phase III includes all areas where final vegetation is established, which includes some areas that were never graded. However, it does appear the Phase III bond release public notice area is over stated by 50 acres due to a typing error. The public notice breaks out the acreage into several areas. (I have included the RA areas that each public notice area includes and the acreage claimed for that area.)

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| 1. Slurry Pond 4 and Refuse Pile 2 | 26.37 acres | (RA-5) |
| 2. Portions of Slurry Pond 5 | 30.22 acres | (RA-2) |
| 3. Borrow Areas associated with these ponds | 64.4 acres | (RA-4 (5.28 acres) and
RA-6 (59.12 acres)) |
| 4. A portion of the Preparation Plant area | 5.51 acres | (RA-7) |
| 5. King 4 Portal and North Fork Facilities | 6.6 acres | (RA-26, RA-27, RA-28) |

These areas are primarily shown on Plate II-4A of the Hiawatha MRP and the acreage listed on this plate were the ones used in the bond acreage calculation. A summary of each area calculation is included below.

RA-5

Plate II-4A shows this area as being 26.37 acres and the entire area is reclaimed and included in the Bond Release

RA-2

RA-2 is the Main Cell of Pond 5 and its outslopes. Plate II-4A shows this area as being 40.39 acres. Only 30.22 acres are being included in the bond release as some of the outslope areas may be re-disturbed to create a road to Cell 5A during its reclamation.

RA-4

Plate II-4A shows this split into two areas, The east section (5.28 acres) and the west section (11.59 acres). The east most section will not be needed as only half of the west section was used for the Pond 5 Main Cell reclamation, and the remaining will be used for Pond 5A reclamation.

RA-6

This area is the problem area. Plate II-4A shows the acreage as 9.12, but the spreadsheet used to sum the RA area acreage for the public noticed listed it as 59.12 acers. It appears a 5 was accidentally added making it so the public notice claimed almost 6 acres if RA-6 when in fact there is just under 10.

RA-7

Plate II-4A shows this area split in to an east (3.72 acres) and a west (5.51 acres). The west 5.51 acres was never disturbed and is being included in the bond release.

RA-26, RA-27, and RA-28.

These areas are in North Fork and are shown on plate II-4D. Plate II-4D doesn't list any acreage. These areas were measured together in AutoCad and the total acreage was 6.6 acres.