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DIVISION OF
OIL, GAS & MINING

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Original in fireproof file*

Capital City BANK

Department of Natural Resources
Division of Oil, Gas and Mining
Att: Pamela Grubaugh-Littig
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, UT 84180-1203

Date: October 20, 1992

IRREVOCABLE STANDBY LETTER OF CREDIT
No. 1055 Page 1 of 2

DATE-PLACE OF EXPIRY - Oct. 24, 1994
at Capital City Bank, 2200 South
State, Salt Lake City, Utah

PERMIT NO. ACT-015-025

C.W. MINING COMPANY aka
Co-op Mining Company
53 West Angelo Avenue
Salt Lake City, Utah 84115

MINE NAME: C.W. MINING COMPANY

AMOUNT: US \$290,000.00
TWO HUNDRED AND NINETY THOUSAND AND
NO/100

Gentlemen:

On behalf of C.W. MINING COMPANY aka CO-OP MINING COMPANY, we hereby establish our Irrevocable Letter of Credit in your favor, payable in part or full to the State of Utah, Division of Oil, Gas and Mining, available by your draft(s) in an amount not to exceed \$290,000.00. Upon receipt of a written demand by the Division of Oil, Gas and Mining (DOGM) pursuant to R614-301-880,900, because of any violation of the surface mining control and reclamation act, the regulatory program, the permit and the reclamation plan.

This letter of Credit is effective October 20, 1992 and will expire at the close of business on October 24, 1994; however, this credit will automatically be extended for periods of one year from any scheduled expiration date (as originally scheduled of automatically extended) unless ninety (90) days prior to such date we notify you in writing by certified mail, return receipt requested, that we elect not to renew this letter of credit for such additional period.

Upon receipt by you of such notice, you may draw on us at sight for the amount of this Letter of Credit beginning 30 days or less prior to the then applicable expiration date, accompanied by a statement signed by DOGM's Bond Approving Officer certifying that the amount of the drawing represents funds due DOGM

(801) 486-4800

2200 South State Street
Salt Lake City, Utah 84115

4900 South Highland Drive
Salt Lake City, Utah 84117

400 South State Street
Salt Lake City, Utah 84111

3712 West 3500 South
West Valley City, Utah 84120

1153 East 3900 South
Salt Lake City, Utah 84124

515 South 700 East
Salt Lake City, Utah 84102

because the permittee has failed to replace this Letter of Credit by other suitable bond pursuant to R614-301-860.222 and R614-301-870.

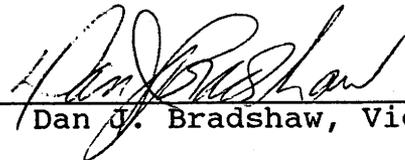
We certify that the amount of the credit herein established will not be reduced for any reason during the period of this instrument without the written consent of DOGM.

We will give prompt notice to the permittee and to DOGM's Bond Approving Officer of any notice received or action filed alleging the insolvency or bankruptcy of the bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

In the event the bank becomes unable to fulfill our obligations under this Letter of Credit for any reason, notice shall be given immediately to the permittee and to DOGM's Bond Approving Officer.

IN WITNESS WHEREOF, the Bank has hereunto set its signature this 20th day of October, 1992.

CAPITAL CITY BANK

X 

Dan J. Bradshaw, Vice President