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JK Outgoing
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From: Steve Alder
To: Angela Nance
Date: 5/13/2008 4:39 PM
Subject: Fwd: RE: escrow and other

>>> Allyn <allyn@ipautah.com> 5/13/2008 4:21 PM >>>

I have forwarded to you, Dana Dean and Daron Haddock a letter which I hope provides you the necessary assurances regarding the reclamation bonds. I have been unsuccessful in reaching my contacts at Wells Fargo, but since your proposed Agreement is their form, I doubt there could be much objection from them.

-----Original Message-----

From: Steve Alder [<mailto:stevealder@utah.gov>]
Sent: Tuesday, May 13, 2008 2:56 PM
To: Allyn; churchrb@wellsfargo.com
Cc: Dana Dean; Daron Haddock
Subject: escrow and other

Allyn,

This modification of the surety for the Crandall Canyon mine permit is a little different than the usual permit change, due to the need to adapt an escrow form to use the account you have with Wells Fargo Bank as surety.

I understand that today (May 14, 2008) is the deadline for renewal of the permit. Daron Haddock is working on the renewal and must make the decision today or take other action. IT IS IMPERATIVE THAT THE DIVISION RECEIVE CONFIRMATION TODAY THAT AN ESCROW SIMILAR TO THE FORM ATTACHED OR OTHER SURETY WILL BE ESTABLISHED WITHIN THE IMMEDIATE FUTURE TO COVER THE \$407,275 ADDITIONAL SURETY REQUIREMENT. OTHERWISE THE PERMIT CANNOT BE RENEWED. If you can confirm by email or fax letter that IPA will work with the Division to make the changes in legal description of the land and provide the additional surety, that would allow the Division to renew the permit and avoid taking alternative action.

The changes to the permit that are needed include modifying the Reclamation Agreement to include the additional disturbed acreage, and adding the additional surety from IPA for the escalation of the current bond amount and for the additional disturbance. Normally we would just substitute the new surety for the old. However, since we will essentially have two bonds with IPA involved, we need to show that we are adding the additional disturbed area, and that the existing Reclamation Agreement will apply to the additional land and additional surety. It would be preferable to have a written confirmation of this signed by both IPA and the UEI .

Regarding the escrow arrangement, I have reviewed the form sent to us by Wells Fargo that they use for the BLM bonds. It is really not acceptable 'as is' due to the reference to terms by law of other states that do not have Utah equivalents, the lack of a bond amount, and other issues. Rather than making changes to that form I would like to propose a form that Wells Fargo has in place for the Sunnyside CoGeneration surety. I am attaching it to this email. That form also allows for the purchase of federal treasury bonds, and a variable account, but it will require some changes in a paragraph to accommodate the fact that IPA has an existing account and is pleading a portion of that account, rather than creating a new account. If you could confirm that this for or a variation of it will work and that you have the funds in an account and are prepared to sign the escrow for the additional surety, then the renewal could go forward based on this evidence that there is adequate surety.

Your immediate attention is appreciated.

Steve Alder

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