PISGAH GRAZING LLC

701 NORTH 44TH STREET
PHOENIX, ARIZONA 85008-6504
(480) 429-3000
FAX (480) 429-3100

20 January 2015

Mr. Lynn Kunzler
Ms. Penny Berry
State of Utah Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

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JAN 21 2015
DIV. OF OIL, GAS & MINING

Mr. Kunzler and Ms. Berry,

In connection with our discussion last week regarding updated information for the BHT Mine (Permit ID S050003), formerly the BHY Mine, please find enclosed a partially completed Form MR-SMO, Annual Permit Fee Invoice and our Check No. 1024 in the amount of $150.00. At such time that our records have been updated, please process the package of documents found in the attached envelope in accordance with the cover letter enclosed therein.

Sincerely,

Mark T. Gale

Enclosures

Check
Form MR-SMO
Exploration NOI Package

Form MR-SMO
(Revised July 25, 2012)

This Section for DOGM Use:
Assigned DOGM File No.: S/0
DOGM Lead: _____
Permit Fee $ _____ Ck# _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291 Fax: (801) 359-3940

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JAN 21 2015
DIV. OF OIL, GAS & MINING

NOTICE OF INTENTION TO COMMENCE SMALL MINING OPERATIONS

The information requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1987, and the General Rules as promulgated under the Utah Minerals Regulatory Program (R647). The rules and Act are available online at http://www.rules.utah.gov/publicat/code/r647/r647.htm and http://le.utah.gov/~code/TITLE40/40_08.htm.

Cultural Resources Survey: To fulfill its obligations under Utah Code Annotated 9-8-404, the Division needs cultural resource (archaeology) information. The amount and type of information required will depend on the mine location, the history of previous disturbance, and other factors. Please contact the Division for further information.

A permit fee of $150 must accompany this application (Utah Code Ann. §40-8-7(1)(i)) and is due annually.

"Small Mining Operations" are operations which have a disturbed area of ten or fewer surface acres at any time in unincorporated areas, or five acres or fewer in incorporated areas.

* * * * * * * * *

I. GENERAL INFORMATION (Rule R647-3-104)

1. Name of Mine: BHT MINE (FORMERLY BHY MINE)

2.A. Name of Entity Applying for a Permit PISGAH GRAZING LLC.
Contact (Authorized Officer): PATRICK E SOVEREIGN
Mailing Address: 701 N. 44TH STREET
City, State, Zip: PHOENIX AZ 85008
Phone: 480.429.3000 Fax: 480.429.3100
E-mail Address: PSOVEREIGN@BEUSGILBERT.COM

Entity is a: (___) Corporation, (X) LLC, (___) Sole Proprietorship (dba), (___) Individual, (___) Partnership (__General, or __limited), (___) Other (specify type) _____

Business Entity (not individuals) must be registered (and maintain registration) with the State of Utah, Division of Corporations (DOC) If not currently registered, contact www.commerce.utah.gov to renew or apply.

2.B. Are you currently registered to do business in the State of Utah? (✓) Yes (___) No
Business Entity #: 9064850-0161
Local Business License#: _____ (if required)
Issued by: County: _____ or City: _____

Registered Utah Agent (as identified with the Utah DOC) *(if individual leave blank)*
Name: HILLYARD ANERSON OLSEN Title: _____
Address: 595 S. RIVERWOODS PARKWAY, S-100
City, State, Zip: LOGAN UT 84321
Phone: 435.752.2610 Fax: 435-753-8895
E-mail Address: _____

2.C. **Entity's Representative(s) (if different from #2A) authorized and designated to receive notices of violation, cessation orders, and all other notices to be given to the permittee or operator by the Division.**

Name: PATRICK E. SOVEREIGN Title: VICE-PRESIDENT
Address: 701 N. 44TH STREET
City, State, Zip: PHOENIX ARIZONA 85008
Phone: 480.429.3000 Fax: 480.429.3100
Emergency, Weekend, or Holiday Phone: ____
E-mail Address: PSOVEREIGN@BEUSGILBERT.COM

Name: ____ Title: ____
Address: ____
City, State, Zip: ____
Phone: ____ Fax: ____
Emergency, Weekend, or Holiday Phone: ____
E-mail Address: ____

3. **If Business is a Sole Proprietor(dba) or Individual:**
Name of Owner: ____ Title: ____
Business Address: ____
City, State, Zip: ____
Phone: ____ Fax: ____
E-mail Address: ____

If Business is a Corporation:
Name of Officers: ____ Title: ____
Name: ____ Title: ____
Name: ____ Title: ____
Name: ____ Title: ____

Headquarters Address: ____
City, State, Zip: ____
Phone: ____ Fax: ____
E-mail Address: ____

If Business is a Limited Liability Company: Member Managed (__) Manager Managed (X)
Name of 1st Member/Manager: PAXTON, INC. Title: ____
Business Address: 701 N. 44TH STREET
City, State, Zip: PHOENIX AZ 85008
Phone: ____ Fax: ____
E-mail Address: ____

Name of 2nd Member/Manager: ____ Title: ____
Business Address: ____
City, State, Zip: ____
Phone: ____ Fax: ____
E-mail Address: ____

If Business is a Partnership:
Names of Partners: ____
Business Address: ____
City, State, Zip: ____
Phone: ____ Fax: ____
E-mail Address: ____

If Business is a Partnership:
Names of Partners: ____
Business Address: ____
City, State, Zip: ____
Phone: ____ Fax: ____
E-mail Address: ____

5. **Ownership of Land Surface:**

Private (Fee) (✓) BLM (__) US Forest Service (__)
State Trust Land/School Sections (__) State Sovereign Lands (__)
Other (please describe): _____
Name PISGAH GRAZING LLC Address SEE 2A
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

6. **Ownership of Minerals:**

Private (Fee) (✓) BLM (__) US Forest Service (__)
State Trust Land/School Sections (__) State Sovereign Lands (__)
Other (please describe): _____
Name PISGAH GRAZING Address SEE 2A
Name _____ Address _____
Name _____ Address _____
Name _____ Address _____

BLM Claim Number(s): _____
Utah State Lease Number(s): _____
BLM/USFS Lease or Project File Number(s): _____

Name of Lessee(s): _____

7. **Have the above surface and mineral owners been notified in writing?** Yes ✓ No _____
If no, why not? _____

8. **Does the Entity have legal right to enter** and conduct mining operations on the land covered by this notice? Yes ✓ No _____

What is the pre-mining land use, i.e. cropland, grazing, wildlife habitat? _____

What is the postmining land use? _____

Please be advised that if State Trust Lands are involved, notification to the Division of Oil, Gas and Mining alone does not satisfy the notification requirements of Mineral Leases upon State Trust Lands. Exploration or mining activity on State Trust Lands requires a minimum of 60 days notice to the Trust Lands Administration ***prior*** *to commencing any activities. Please contact the School Institutional Trust Lands Administration (SITLA) at (801) 538-5508 for notification requirements.*

II. PROJECT LOCATION & MAP (Rule R647-3-105)

1. **Project Location & Map** (legal description):

County(ies): _____

_____1/4, of _____1/4, of _____1/4, Section: _____ Township: _____ Range: _____
_____1/4, of _____1/4, of _____1/4, Section: _____ Township: _____ Range: _____
_____1/4, of _____1/4, of _____1/4, Section: _____ Township: _____ Range: _____

UTM East: _____ (if known) UTM North: _____ (If known)

Name of Quad Map for Location: _____

2. **Is the project within an incorporated area?** (___) Yes (___) No
   If yes, what is the town or city? _____
3. **Location and Operations maps** must be plotted at a scale to accurately identify locational landmarks and operations details. All maps must include a north arrow, scale, appropriate labels, and title box including the mine name, township, range and section.

   a. The **general location map** must be the scale of a USGS 7.5 minute series map or equivalent (1"=2000') and identify new or existing access roads.

   b. The **operations map** (1"=200' or other scale as determined necessary by the Division) must be labeled and identify:
      i. The area to be disturbed;
      ii. The location of any existing or proposed operations including access roads, drill holes, trenches, pits, shafts, cuts, or other planned activities; and
      iii. Any adjacent previous disturbance for which the operator is not responsible.

      (Contact the Division for a list of consultants and land surveyors for mapping assistance.)

4. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

III. OPERATION PLAN (Rule R647-3-106)

1. **Type of mining:** Surface (___) Underground (___)
2. **Mineral(s) to be mined:** _____
3. **Amount of material** to be extracted, moved, or proposed to be moved: _____
   _____
4. Will any **water, liquid chemicals, reagents, or other solutions** be used, produced or discharged as part of the mining or milling process? Yes(__) No (__) If yes, please describe (add extra pages if needed): _____
   _____
5. Provide a brief **description of the proposed mining operation** and onsite processing facilities (add extra pages if necessary). _____
   _____
   _____
   _____
   _____
6. (__) **New Road(s)**: Length _____(ft), Width _____(ft)
7. (__) **Improved Road(s)**: Describe improvements that need to be made to existing roads to access the site, including the Length_____ (ft) and Width _____ (ft) **of new disturbances**.
   _____
   _____
8. Total project surface **acreage to be disturbed** _____(acres) PLEASE SPECIFY EXACT ACREAGE *(this will be used to determine surety bond amount– see #VI)*.
9. Proposed **startup date** (month, year): _____
10. Proposed **completion**, if known (month, year): _____

IV. OPERATION AND RECLAMATION PRACTICES (Rule R647-3-107, 108 & 109)

The reclamation and operation obligation is to keep the area clean and safe, minimize hazards to public safety, return the land to a useful condition, and reestablish at least 70 percent of the premining vegetative ground cover or within practical limits. To accomplish this, the Permittee / Operator will need to perform reclamation concurrently, or at the completion (within one (1) year) of mining. Please refer to The Practical Guide to Reclamation in Utah available at::
https://fs.ogm.utah.gov/pub/MINES/Coal_Related/RecMan/Reclamation_Manual.pdf.

1. *Keep the mining operation in a safe, clean, and environmentally stable condition.*
2. *Permanently seal all shafts and tunnels to prevent unauthorized or accidental entry.*
3. *Plug drill holes with a five foot cement surface plug. Holes that encounter fluids are to be plugged in the subsurface to prevent aquifer contamination.*
4. *Construct berms, fences, or barriers, when needed, above highwalls and excavations.*
5. *Remove, isolate, or neutralize all toxic materials in a manner compatible with federal and state regulations.*
6. *Remove all waste or debris from stream channels.*
7. *Dispose of any trash, scrap metal, wood, machinery, and buildings.*
8. *Conduct mining activities so as to minimize erosion and control sediment.*
9. *Reclaim all roads that are not part of a permanent transportation system.*
10. *Stockpile topsoil and suitable overburden prior to mining.*
11. *Stabilize highwalls by backfilling or rounding to 45 degrees or less, where feasible; reshape the land to near its original contour, and redistribute the topsoil and suitable overburden.*
12. *Properly prepare seedbed to a depth of six inches by pocking, ripping, discing, or harrowing. Leave the surface rough.*
13. *Reseed disturbed areas with adaptable species. (The Division recommends a mixture of species of grass, forb, and browse seed, and will provide a specific species list if requested.)*
14. *Plant the seed with a rangeland or farm drill, or broadcast the seed. Fall is the preferred time to seed.*

V. VARIANCE REQUEST (Rule R647-3-110)

Any variance must be approved writing*in advance* by the Division

Any planned deviations from Rules R647-3-107, Operation Practices, R647-3-108, Hole Plugging Requirements, or R647-3-109, Reclamation Practices, as summarized above (see IV. Operation and Reclamation Practices Item # 1-14), should be identified below listing applicable rule number. Give justification for the variance(s) and alternate methods or measures to be utilized to meet the intent of the rule. Written approval from the Division will be given, if the proposed alternative methods to be used are consistent with the Act

Are variances being requested? Yes (__) No (__)

Variance Requested

_____ _____

Item # Applicable Rule

Justification: _____

_____

Alternate methods or measure to be utilized: _____

_____

_____

Attach additional page(s) if more variances are requested.

VI. SURETY (Utah Code Ann. §40-8-7(1)[c])

A reclamation contract and surety must be provided to and approved by the Division prior to commencement of operations. No surface disturbance is authorized until the surety is posted and approved in writing. The surety may be provided in the form of a certificate of deposit, a letter of credit, a surety bond, or cash. Please contact the Division for further information about submitting the surety. All mining operations are required to furnish and maintain reclamation surety to guarantee that the land affected is reclaimed (Utah Code Ann. §40-8-7(1)[c]).

The reclamation surety amount is based on the nature, extent and duration of operations. The amounts are based on data from current large mine surety and are used as a general guide, along with actual site conditions. Reclamation surety for small mines is reviewed every three (3) or five (5) years and adjusted as necessary for inflation/deflation based upon acceptable Costs Index. **Contact the Division for the dollar amount required for a three (3) or five (5) year period for this project.**

VII. SIGNATURE REQUIREMENT

CERTIFICATION

I state under penalty of perjury under the laws of the state of Utah and the United States of America that:

a. I have read this form and declare the information, statements and/or documentation are true, correct and complete to the best of my knowledge and belief; AND

b. I commit to the redamation of the aforementioned small mining project as required by the Utah Mined Land Reclamation Act (40-8) and the rules as specified by the Board of Oil, Gas and Mining.

c. **This certification must be signed by:** (1.) an executive officer if the applicant is a corporation; (2.) a partner if applicant is a partnership (general or limited); (3.) the owner if applicant is a sole proprietorship; **or** (4.) the member or manager if applicant is a limited liability company.

Signature: _____ Date: 1-20-2015

Name (typed or printed): PATRICK E. SOVEREIGN

Title/Position (if applicable): VICE-PRESIDENT

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