State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

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Governor

SPENCER J. COX
Lieutenant Governor

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 22, 2016

Certified Return Receipt
7015 0640 0001 4528 8526

Steve L. Gilbert
Black Iron, LLC.
6249 West Gilbert Industrial Court
Hurricane, Utah 84737

Subject: Reclamation Surety Adjustment, CML Metals, Inc., Iron Mountain Mine, M/021/0008, Iron County, Utah

Dear Mr. Gilbert:

On February 9, 2016, the Division or Oil, Gas and Mining received a letter requesting release of a portion of the reclamation surety being held for the Iron Mountain mine. The Division has reviewed the Notice of Intention to Commence Large Mining Operations (Notice) with emphasis on the reclamation cost estimate. Based on the information gathered during an inspection in 2015 and in the Notice, the cost estimate is reduced from $2,710,000 to $2,631,000. Please note that an actual reduction in the reclamation surety amount will need to be approved by the Division director.

Enclosed is the reclamation cost estimate with the areas that are eligible for release or adjustment highlighted.

Before the Division can approve transfer of the permit from CML Metals, Inc., to Black Iron LLC, Black Iron will need to post a reclamation surety in the minimum amount of $2,631,000. Black Iron will also need to provide replacement pages and maps showing that the Tiptop, Excelsior and the South side areas are no longer included in the Notice.

CML Metals, through its attorney, has requested that its surety be released, stating that with the purchase of the mine, Black Iron was to assume all reclamation responsibilities by providing a replacement surety. The Division cannot approve the transfer without a replacement surety from Black Iron. Please provide an acceptable replacement surety by April 19, 2016. Failure to do so may result in the Division denying the transfer and initiating forfeiture proceedings.

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UTAH DNR
OIL, GAS & MINING

Please contact Lynn Kunzler at 801-538-5310 or me at 801-538-5261 if you have questions regarding this letter.

Sincerely,

Paul Baker
Minerals Program Manager

PBB:whw:pb
Enclosure: Reclamation cost estimate
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