S/021/032

Unit States Department of th nterior

BUREAU OF LAND MANAGEMENT
Cedar City Field Office
176 East DL Sargent Drive
Cedar City, UT 84720
Telephone (435) 586-2401
FAX (435) 865-3058

In Reply Refer To:
UT-040
3600: UTU-79327, Beryl Jct. (Rhyolite #1 Quarry) Sales Contract

August 4, 2003

Mr. Preston Hafen
Color Country Rock, LLC
291 E 1400 S #1
St. George, Utah 84790

Dear Mr. Hafen:

This letter is in regard to a materials sales contract issued through this office to Color Country Rock (CCR). The contract was serialized as BLM file UTU-79327 (Division file S/021/032, The Rhyolite #1 Project); the contract site is located three miles west / southwest of Beryl Jct., Iron County, Utah. CCR originally obtained a one-year contract to remove mineral materials from this site during the period of June 30, 2001 through June 30, 2002. The contract was extended for a one-year period of July 30, 2002 through July 30, 2003.

Prior to the expiration of the contract, you telephoned me to request an additional extension of the original contract terms as only a small amount of the prepaid contract amount had been produced from the site.

The maximum term of a non-competitive sales contract is five years (43 CFR 3602.34), with a one-time extension of up to one additional year (43 CFR 3602.27). Because this office would have granted the original sales contract for a contract period of the full five years allowed for by the regulations, we will grant your request to re-authorize the contract for a three year period beginning on June 30, 2003 and ending on June 30, 2006, this period being the difference between the full five years allowed for by regulations minus the two years the contract has already been in effect.

Please note that this contract extension is currently limited to the 1.5 acre area depicted on the contract map, this area being coincident with the currently disturbed area at the site. Should it be necessary to incorporate additional areas to this contract area, you will need to apply for a change in writing and receive approval from this office in advance of any changes. The current reclamation bond of $2,250 is specific to the current disturbed area and any changes to that area would result in change of the necessary bond amount.

As required by general contract stipulation #14, which was made part of the prior contract, you will need to supply me with a summary of the tons removed from the site for the annual contract periods ending June 30, 2002 and July 30, 2003.

Please sign and date the enclosed contract and return the original to this office.

Should you have any questions, please call me at 435-865-3040.

Sincerely,

Ed Ginouves
Mining Engineer

RECEIVED
AUG 0 6 2003
DIV. OF OIL, GAS & MINING

Enclosure: Rhyolite #1 Sales Contract, UTU-79327-A2
cc: Doug Jensen, DOGM, Rhyolite #1 Project, Division file S/021/032

Form 3600-9
(April 2002)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

CONTRACT FOR THE SALE OF MINERAL MATERIALS

FORM APPROVED
OMB NO. 1004-0103
Expires: February 28, 2005

Office: Cedar City Field Office

Contract Number: UTU-79327-A2

The UNITED STATES OF AMERICA acting through the Bureau of Land Management (BLM), and Color Country Rock, LLC. you, the purchaser, make this AGREEMENT, under the authority of the Act of July 31, 1947 (61 Stat. 681), as amended at 30 U.S.C. 601 through 604, and the regulations at 43 CFR, Group 3600.

We agree:

Sec. 1. *Contract area* - Under the terms and conditions of this contract, the United States sells to you and you buy the mineral materials listed in Section 2 and contained in the following lands as shown on the map and mining plan attached to this contract:

COUNTY	STATE	TOWNSHIP	RANGE	SECTION	ALIQUOT PARTS	MERIDIAN	ACREAGE
Iron	UT	T. 35 S.	R. 17W	Sec. 35	SW¼ SE¼	SLPM	1.5

Pit Name (if any): Rhyolite #1

Sec. 2. *Amount and price of materials* - The United States determines the total purchase price by multiplying the total quantity of each kind of mineral material designated by the unit price given below, or as changed through reappraisal.

KIND OF MATERIALS	QUANTITY *(Units Specified)*	PRICE PER UNIT	TOTAL PRICE
Altered Rhyolite to be processed into crushed decorative rock	5,000 tons	$0.80/ton	$4,000.00
TOTAL			

BLM's determination of the amount of materials that you have taken under the contract is binding on you. You may appeal this determination as provided in Section 19.

You are liable for the total purchase price, even if the quantity of materials you ultimately extract is less than the amount shown above. You may not mine more than the quantity of materials shown in the contract.

Sec. 3. *Payments, title, and reappraisals* -You may not extract the materials until you have paid in advance for them in full $ 4,000.00, or paid the first installment of $_____.

☒ **If you pay in full in advance, BLM will check this box, and Subsections 3(a) through 3(c) do not apply to your contract.** ***You must pay in full for all sales of $2,000 or less.***

(a) If you pay in installments, you **must** pay the first installment before BLM approves the contract.

(b) Once you start removing material, you **must** pay each subsequent installment payment monthly in an amount equal to the value of materials removed in the previous month. Payment must be made by the 15th day following the end of the month for which you are reporting. You must pay the total purchase price not later than 60 days before the contract expires.

(Continued on reverse)

(c) The United States will retain the last installment as security for your full and faithful performance and will apply it to the last installment required to make the total payment equal to the total price given in Section 2.

The total purchase price equals the sum of the total quantities removed, multiplied by their respective unit prices.

If you are late making an installment payment, you **must not** remove any more material until you have paid. Removing material you have not paid for is trespass, and for trespass you **must** pay at triple the appraised unit price, or at triple the reappraised unit price if BLM has made a reappraisal. To resume removal operations after you were late making payments, you **must** obtain BLM's written approval.

(d) You receive title to the mineral materials only after you have paid for them and extracted them.

Sec. 4. *Risk of loss* - You assume complete risk of loss for all materials to which you have title. If material covered by this contract is damaged or destroyed before title passes, you are liable for all loss suffered if you or your agents are directly or indirectly responsible for the damages. If you are not responsible for the damage or destruction, you are liable only to the extent that the loss was caused by your failure to remove the material under the terms of this contract. You are still liable for breach of contract or any wrongful or negligent act.

Sec. 5. *Liability for damage to materials not sold to you* - You are liable for loss or damage to materials not sold to you if you or your agents are directly or indirectly responsible for the damage or loss. You are also liable if you fail to perform under the contract according to BLM's instructions and the United States incurs costs resulting from your breach of any contract term or your failure to use proper conservation practices. If the damage resulted from willful or gross negligence, you are liable for triple the appraised value of the damaged or destroyed materials. If the damage or destruction did not result from willful or gross negligence, you are liable for lesser charges, but not less than the appraised value of the materials.

Sec. 6. *Stipulations and reserved terms* - Your rights are subject to the regulations at 43 CFR Group 3600 and to any stipulations and the mining plan attached to this contract.

☒ **BLM will check this box if there are stipulations attached to this contract.**

Sec. 7. *Notice of operations* - You **must** notify BLM immediately when you begin and end operations under this contract. If BLM has specified a time frame for notification, you **must** comply with that time frame.

Sec. 8. *Bonds* - (a) You **must** furnish BLM with a bond in the amount of $ 2,250.00 as a condition of issuing this contract.

(b) If you do not perform all terms of the contract, BLM will deduct an amount equal to the damages from the face amount of the bond. If the damages exceed the amount of the bond, you are liable for the excess. BLM will cancel the bond or return the cash or U.S. bonds you supplied when you have completed performance under this contract.

(c) BLM will require a new bond when it finds any bond you furnish under this contract to be unsatisfactory.

Sec. 9. *Assignments* - You may not assign this contract without BLM's written approval.

Sec. 10. *Modification of the Approved Mining or Reclamation Plan.* You or BLM may initiate modification of these plans to adjust for changed conditions, or to correct any oversight. The conditions for BLM requiring you to modify these plans, or approving your request for modification are found in the regulations at 43 CFR 3601.44.

Sec. 11. *Expiration of contract* - This contract will expire 3 years, 0 months, 0 days from its approval date, unless BLM extends the term or renews the contract.

☐ **BLM will check this box if this contract is a renewable competitive contract.**

Sec. 12. *Renewal of renewable competitive contract.* BLM will renew your contract if you apply in writing no less than 90 days before your renewable competitive contract expires and you meet the conditions in the regulations at 43 CFR 3602.47.

Sec. 13. *Violations and cancellations.* (a) If you violate any terms or provisions of this contract, BLM may cancel your contract following the regulations at 43 CFR 3601.60 et seq., and recover all damages suffered by the United States, including applying any advance payments you made under this contract toward the payment of the damages.

(b) If you extract any mineral materials sold under this contract during the suspension period, or after the contract has expired or been canceled, you have committed, and may be charged with, willful trespass.

Sec. 14. *Responsibility for damages suffered or costs incurred by the United States.* If you, your contractors, subcontractors or employees breach this contract or commit any wrongful or negligent act, you are liable for any resulting damages suffered or costs incurred by the United States. You **must** pay the United States within 30 days after receiving a written demand from BLM.

Sec. 15. *Extensions of time.* BLM may grant you an extension of time in which to comply with contract provisions under the regulations at 43 CFR 3602.27. For contracts with terms over 90 days, you **must** apply in writing no less than 30 or more than 90 days before your contract expires. For contracts with terms of 90 days or less you **must** apply no later than 15 days before your contract expires.

Sec. 16. *Time for removing personal property.* You have 90 days (not to exceed 90) from the date this contract expires to remove your equipment, improvements, and other personal property from United States lands or rights-of-way. You may leave in place improvements such as roads, culverts, and bridges if BLM consents. Any property remaining after this period ends becomes the property of the United States, but you will remain liable for the cost of removing it and restoring the site.

Sec. 17. *Equal opportunity clause* - The actions you take in hiring **must** comply with the provisions of Executive Order No. 11246 of Sept. 24, 1965, as amended, which describe the non-discrimination clauses. You may get a copy of this order from BLM.

(Continued on next page

Sec. 18. *Effective date.* This contract become. .ective as indicated below.

☒ **If this contract becomes effective on the date BLM signs the contract, BLM will check this box.**

☐ **If this contract becomes effective only after certain conditions are met, BLM will check this box, list the conditions below, and indicate the effective date.**

Sec. 19. *Appeal.* You may appeal any decision that BLM makes in regard to this contract under Parts 4 and 1840 of Title 43 of the Code of Federal Regulations.

The following parties have executed this contract as of:

PURCHASER	THE UNITED STATES OF AMERICA
(Individual or Firm Name)	By Ed Ginouves
(Address)	(Authorized Officer)
(Phone Number - include area code)	Mining Engineer (Title)
(Signature)	8/4/03 (Date)
(Signature)	

If you are a corporation, affix corporate seal here:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly or willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction, subject to a fine of up to $10,000 and imprisonment up to 5 years.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) requires us to inform you that:

BLM is collecting this information to process your application and effect a binding contract.

BLM will use this information to identify and communicate with applicants.

You **must** respond to this request to get a benefit.

A federal agency may not conduct or sponsor, and you are not required to respond to, an information collection which does not have a currently valid OMB control number.

AUTHORITY: 30 U.S.C. 601 *et seq.*; 43 CFR 3600

PRINCIPAL PURPOSE: BLM uses this information to identify the parties entering into contracts for disposing of mineral materials.

ROUTINE USES: BLM will transfer information from the record or the record itself to appropriate federal, state, local, or foreign agencies, when relevant to criminal, civil, or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION: If you do not provide this information to BLM, we will not be able to process your application for a contract.

BLM estimates the public reporting burden for this form at an average of 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Information Collection Clearance Officer, (1004-0103), 1849 C St., N.W., Mail Stop 401 LS, Washington, D.C. 20240

Special Stipulations for Material Sales Contract: UTU-79327-A2

1. This contract serves as a re-issuance of a previously issued contract (UTU-79327-A1), which was issued for the period of June 30, 2002 through June 30, 2003. The contract re-issuance, UTU-79737-A2, will cover the period of 8/1/2003 through 7/30/2006.

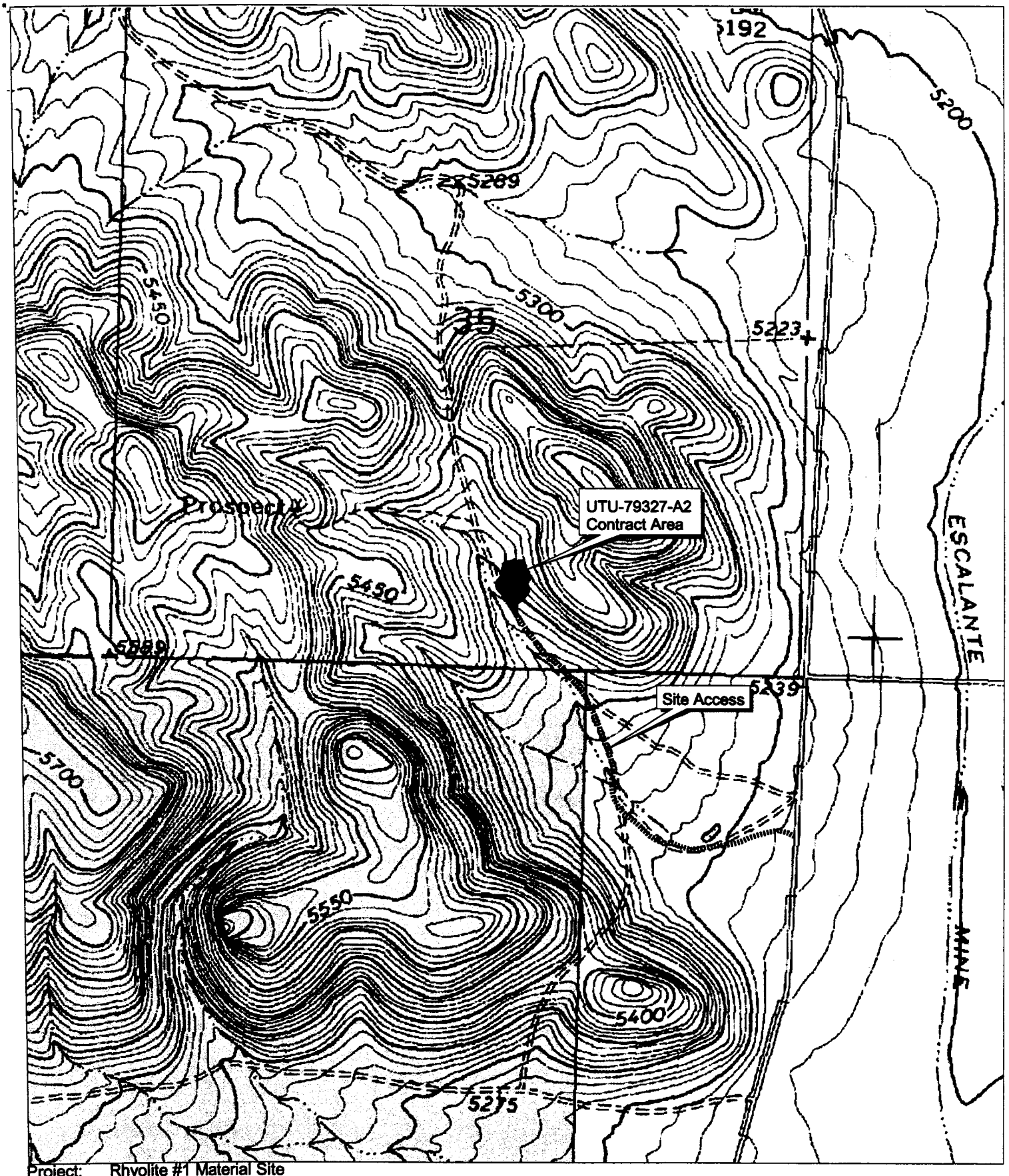
2. All mineral material removed from the contract area is subject to royalty payment. Royalty due for the UTU-79327-A2 contract (5,000 tons of raw rock) has been paid in advance, in full. Any removals in excess of this amount will be subject to additional royalty payments.

3. The permittee, and/or its designated operator, will maintain records of all material hauled or sold from the site. A production summary of all material produced and hauled from the site must be submitted by the end of the permit year covering the preceding year's production. The annual production period will run from August 1st through July 30th.

4. The reclamation bond of $2,250 currently in place must remain in place for the duration of the contract period.

5. The operating area covered by this contract is limited to the area depicted on the attached site map. The permittee, or their designated operator, must obtain written approval from the BLM Cedar City Field Office before the operating area changes from the area shown on the site map.

6. The permittee is required to monitor the site for noxious weeds at least once annually. The permittee is responsible for controlling all outbreaks of noxious weeds at the site.



Project: Rhyolite #1 Material Site
Operator: Color Country Rock, LLC
BLM File: UTU-79327-A2
DOGM File: S/021/032
Notes: Site Map of authorized contract area for sales contract UTU-79327-A2.

SWSE Sec. 35, T. 35 S., R. 17 W., Iron County
USGS Beryl Jct. 7.5' Quad

Roads.shp
Min_area.shp
Lad_simple
BLM Wilderness Area
Bankhead-Jones Land Use Lands
Bureau of Land Management (BLM)
Indian Reservation (IR)
Military Reservations and Corps of Engineers
National Park Service (NPS)
Private
State
State, County, City, Wildlife, Park and Outdoor Recreation Areas
US Fish and Wildlife (USFWS)National Wildlife Refuge
US Forest Service (USFS)
USFS Wilderness Area
Water

N

Scale 1: 12,000
1"= 1000'

BLM - Cedar City Field Office
Standard stipulations for mineral materials sales contracts and free-use permits

1. All topsoil will be removed and stockpiled on-site prior to removal of mineral materials. No trees will be removed without permission from the authorized officer.

2. All materials such as human waste, garbage, petroleum products and equipment will be removed from the site. No hazardous materials will be allowed on-site.

3. All fences, land improvements and survey monuments will be avoided. The permittee will be responsible for the resurvey and restoration of any improvements or survey monuments obliterated during operations.

4. Wildlife, wild horses and livestock will not be harassed or harmed. The permit may be terminated if any special status species or habitat are found in the project area.

5. Any cultural resources encountered will be immediately reported to the Bureau of Land Management. Operations will cease upon discovery of any cultural material. Operations will not resume until the material has been analyzed and additional clearance granted.

6. No blasting is allowed without permission from the authorized officer.

7. No work should be done under wet soil conditions when ruts of three inches or deeper result from road use. The permittee will be responsible for reclamation of roads used under these conditions.

8. Traffic will be restricted to existing roads unless permission is obtained from the authorized officer. No new roads will be permitted without prior authorization.

9. The permittee will be responsible for the safety of the public entering the area during operations. This may include such things as temporary barricades around the area being excavated during operations. BLM will not be responsible for accidents which occur on public land.

10. Noxious weeds, as determined by the Utah Commissioner of Agriculture and Weed Board for the applicable county, shall be controlled by the permittee. Target species include, but are not limited to, Scotch thistle, knapweed and whitetop.

11. No materials may be sold or bartered to other agencies or individuals. No permission may be granted to any other agency or individual to remove materials from the permit area.

12. Mineral materials will not be removed prior to issuance of a free use permit or after the permit has expired. It is the responsibility of the permittee to initiate permit re-issuance if continued removal from an expired permit is desired.

13. Only the amount of mineral materials stipulated in the contract will be removed. The removal of any additional material will be considered a trespass action.

14. The permittee will keep a log of every time mineral materials are removed and the amount removed. This log may be inspected by BLM personnel at any time. A copy of the log will be supplied to the BLM at the end of the permit or on a yearly basis, whichever comes first.

15. All regulations stated in 43 CFR 3600 will be followed or the permit will be revoked.

16. These standard operating procedures and a copy of the contract will be kept with the permittee during operations.

BLM - Cedar City Field Office
Reclamation standards for mineral material sales and free-use permits

1. At the earliest feasible time, the operator will reclaim the area disturbed. Reclamation will include reasonable measures to prevent or control on-site and off-site damage of public lands.

2. Reclamation will include but not be limited to:

    a. Controlling erosion, landslides, and water runoff;
    b. Isolating, removing, or controlling toxic materials;
    c. Reshaping disturbed areas, applying topsoil and revegetating;
    d. Controlling noxious weeds invading the site; and
    e. Rehabilitating wildlife habitat.

3. Access roads, unless otherwise approved by the authorized officer, will be closed by reshaping the disturbed area to near original contours, scarifying where compaction prevents seed covering, and revegetating with the mixture determined by the authorized officer. Waterbars will be placed on steep inclines and access blocked to future vehicular traffic.

4. Unless otherwise approved in the permit, all high walls, pits or material piles will be recontoured to slopes not steeper than 3:1 and revegetated using the recommended mixture.

5. Seeding of disturbed areas will be done between October 15 and December 15. Seed should not be placed on top of deep snow. Seedbeds will be prepared to a depth of 6 inches by ripping, discing, or harrowing. Seed will be planted with a rangeland or farm drill or broadcast seeded. If broadcast seeded, the seed will be harrowed or raked 1/4 to 1/2 inch into the soil. The seed amount will be doubled if the area is broadcast seeded. The recommended seed mixture to be used will be determined by the authorized officer.

6. All hazardous materials or substances produced by the operation will be disposed of in accordance with applicable federal and state laws. All waste, debris, buildings and materials will be removed from the site and deposited at appropriate waste facilities.

7. Additional reclamation requirements may be needed on a case-by-case basis. These additional requirements will be issued by the authorized officer after consultation with the operator.

8. The authorized officer will be notified within 10 days of final reclamation.