FORM MR-RC
Revised May 9, 2005
RECLAMATION CONTRACT

File Number S/021/036
Effective Date 8/18/05
Other Agency File ~~Number~~ BLM

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
(801) 538-5291
Fax: (801) 359-3940

RECEIVED
AUG 10 2005
DIV OF OIL GAS & MINING

RECLAMATION CONTRACT
---ooOoo---

COMPLETED

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) S/021/036
(Mineral Mined) Decorative Rock

"MINE LOCATION":
(Name of Mine) Quartz Hill
(Description) Lot 14 & 19, Section 3
Township 36S Range 17W

"DISTURBED AREA":
(Disturbed Acres) 5 Acres
(Legal Description) (Refer to Attachment A)

"OPERATOR":
(Company or Name) Kerry Holt Hay Cubes, Inc.
(Address) P.O. Box 249
Enterprise, UT 84725

(Phone) 435-878-2721

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention received by the Division on _____ July 22, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.

2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.

3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.

4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.

6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and

Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.

8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.

11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.

12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.

13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Kerry Holt Hay Cubes, Inc.
Operator Name

By Kerry Holt
Authorized Officer (Typed or Printed)

President
Authorized Officer - Position

Kerry Holt
Officer's Signature

8-10-05
Date

STATE OF Utah)
) ss:
COUNTY OF Washington)

COMPLETED

On the 10 day of August, 2005, Kerry Holt personally appeared before me, who being by me duly sworn did say that he/she is the president of K.H.H.C. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Kerry Holt duly acknowledged to me that said company executed the same.

Delan Humphries
Notary Public
Residing at Enterprise, Utah

Jan. 15, 2007
My Commission Expires:

NOTARY PUBLIC
DeLAUN HUMPHRIES
25 E Main PO Box 309
Enterprise UT 84725
My Commission Expires
January 15, 2007
STATE OF UTAH

Revised May 9, 2005
Form MR-RC

DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

8/18/05
Date

STATE OF Utah)
) ss:
COUNTY OF Salt Lake)

COMPLETED

On the 18th day of August, 2005, John R Baza personally appeared before me, who being duly sworn did say that he, the said John R Baza is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to me that he executed the foregoing document by authority of law on behalf of the State of Utah.

JOELLE BURNS
NOTARY PUBLIC - STATE OF UTAH
1594 W. NORTH TEMPLE, STE 1210
SALT LAKE CITY, UT 84116
My Comm. Exp. 04/04/2009

Joelle Burns
Notary Public
Residing at: SLC Ut

April 4, 2009
My Commission Expires:

ATTACHMENT "A"

Kerry Holt Hay Cubes, Inc.
Operator

Quartz Hill
Mine Name

S/021/036
Permit Number

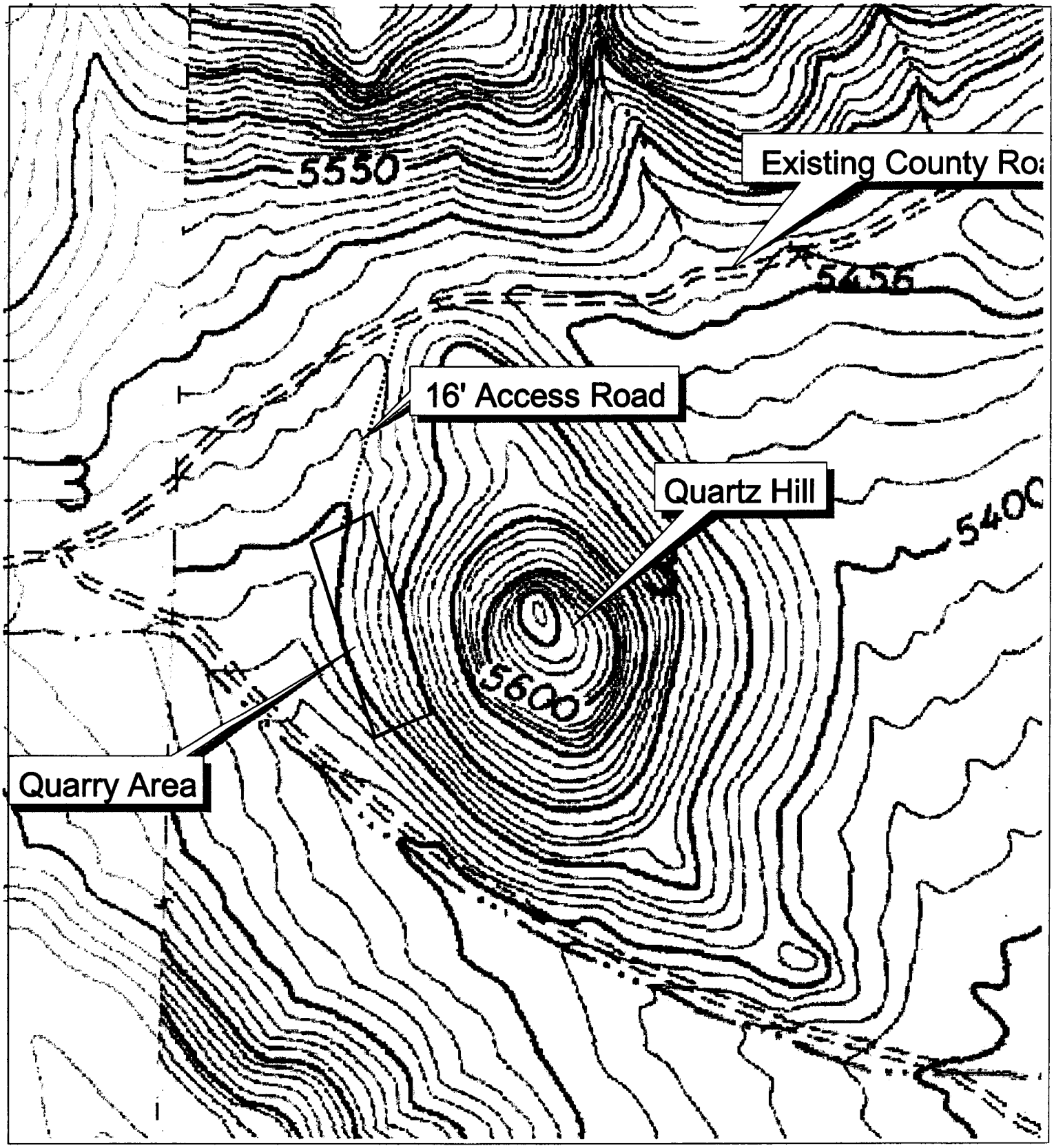
Iron County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 5 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Map 1 & 2 and dated July 2005:

The 16' access road and quarry area contained in: Southwest Corner lot 14; and Northwest Corner Lot 19; Section 3 Township 36S; Range 17W SLBM



Project: Quartz Hill Decorative Rock Quarry
Operator: Kerry Holt Hay Cubes, Inc.
BLM File: UTU-82099
NEPA: UT-040-05-44 CX
DOGM File: S/021/036
Date Mapped: July, 2005
Notes: proposed sales contract area for decorative rock quarry

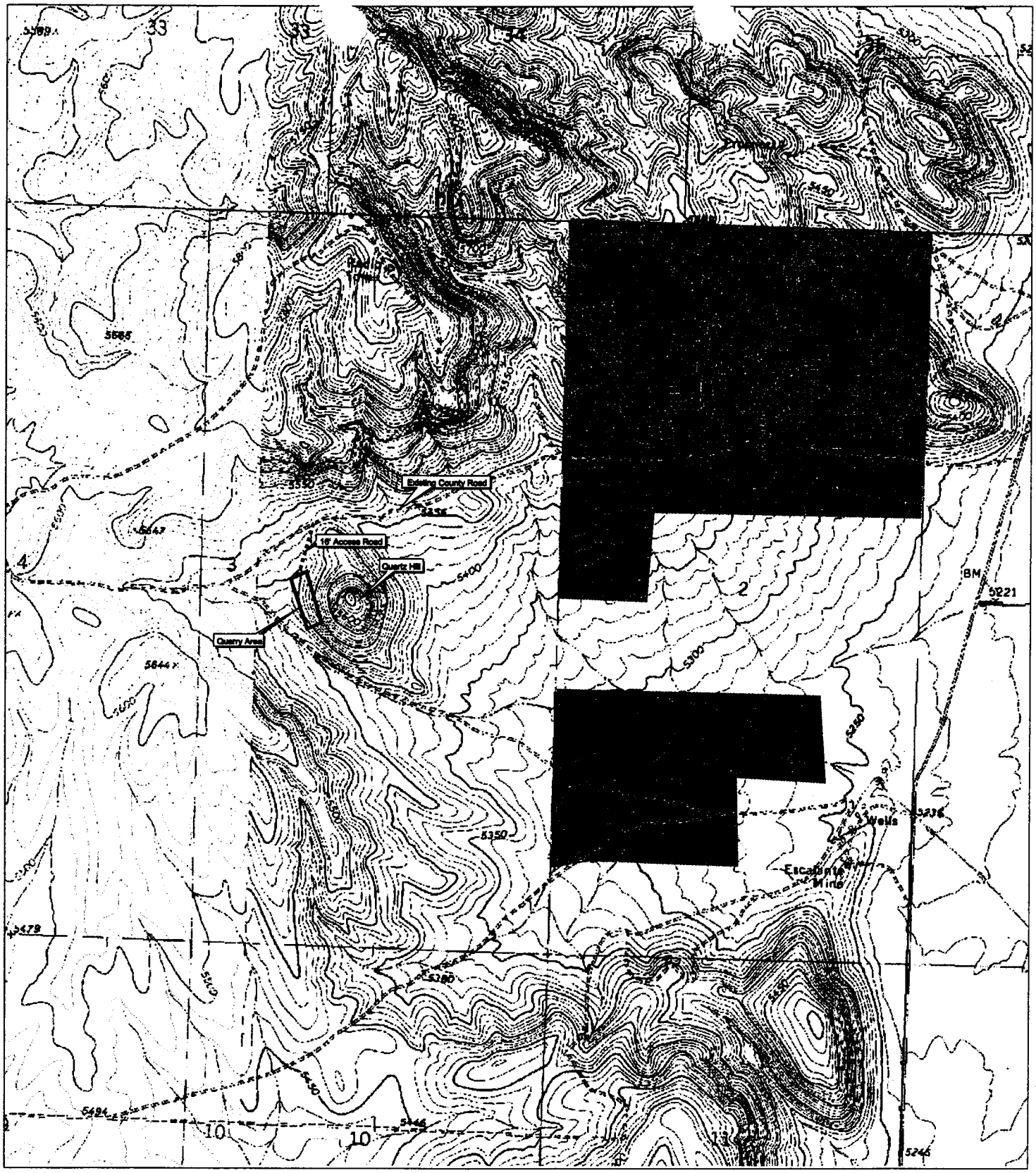
Base Map: USGS Beryl Jct. 7.5' quad
Iron County, T. 36 S., R. 17 W., sec. 3
BLM Oct. 2003 Aerial Photography

Map 1

82099access.shp
82099quarry.shp
Lss_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: 24,000
1"= 2000'



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Map 2

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82099quarry.shp
Lss_simple
BLM Wilderness Area
Bankhead-Jones Land Use Lands
Bureau of Land Management (BLM)
Indian Reservation (IR)
Military Reservation 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: 24,000
1"= 2000'