ZIEGLER CHEMICAL & MINERAL CORP.
600 PROSPECT AVENUE, PISCATAWAY, NEW JERSEY 08854
TEL.: 1-732-752-4111 • FAX: 1-732-752-9477 • www.zieglerchemical.com

S/047/0005

6191

October 8, 2014

April A. Abate
Environmental Scientist III
State of Utah
Department of Natural Resources
Division of Oil, Gas, and Mining
1594 West Temple, Suite 1210
Salt Lake City, UT 84114-5801

RECEIVED
OCT 14 2014
DIV. OF OIL, GAS & MINING

Dear April,

Thank you for working with me to clear up the issues with our reclamation bonds. Attached are our responses to the 4 citations we received August 15, 2014.

Citation MN-2014-60-6 is for the 2103 annual report for the Neal mines is now complete.

Citation MN-2014-60-5 is for the 2013 annual report for the Harrison mine is now complete.

Citation MN-2014-60-3 is for the 2013 annual report and upgraded bond for the Tom Taylor mine. The annual report is enclosed, and per our discussion, the current reclamation bond is for the behalf of the BLM and does not list DOGM. We are having trouble getting this bond replaced. We have been slowly removing the items from this area, and should be able to be ready to seed the land in May of 2015 so that it can be removed from this bond and satisfy DOGM's concerns.

Citation MN-2014-60-4 is for the 2007-2013 annual reports and large mine plan for the area listed as Cowboy Bandana mine. The annual reports are enclosed. Based on our discussion, we plan to do an inventory of this property, remove the areas already reclaimed, and divide the bond up by mine. This is a large undertaking and we expect to need a few months' time of warm weather to accomplish the first stage. As we enter the winter, this will become increasingly difficult, so we request to set a completion date of the inventory and requests for changing the bonds to August 1, 2015.

Please let me know if this letter is sufficient to get extra time to correct the issues in these citations. I plan to travel to Utah October 20, can we meet to discuss?

Sincerely,

ZIEGLER CHEMICAL & MINERAL CORP.

Chip Ziegler

Chip Ziegler
President

Cc: L.T. Souren
G.S. Ziegler, Jr.

Citation for Non-Compliance

Utah Minerals Regulatory Program

1594 West North Temple, Salt Lake City, UT 84114
Phone: (801) 538-5340 Fax: (801) 359-3940

Citation #: MC-2014-60-3

Permit Number: S/047/0065

Date Issued: 08/08/2014

☐ NOTICE OF VIOLATION ☑ CESSATION ORDER (CO) ☐ FAILURE TO ABATE CO

Permittee Name: Zeigler Chemical	**Inspector ID and Number:** April Abate - 60
Mine Name: Tom Taylor Mine	**Date of Inspection:** n/a
Certified Return Receipt Number: 7011 2970 0001 8827 9334	**Date and Time of Service:** 08/~~05~~12/2014 01:08 pm

Nature of condition, practice, or violation:

1. Failure to provide adequate surety bond. Bond Safeguard Insurance Company's rating dropped to an unacceptable B+ grade. The Division issued a directive to the operator on February 10, 2014 requiring a replacement bond. 2. Failure to provide an annual report for 2013

Provisions of Act, regulations, or permit violated:

R647-4-113.4.11-A corporate surety bond from a surety company that is licensed to do business in Utah, that is listed in the "A.M. Best's Key Rating Guide" at a rating of A- or better.
R647-4-121-Each operator must file an annual report of mining operations describing its operations during the preceding calendar year

For Cessation Orders and Failure to Abate CO's, check appropriate box(es) below:

☑ **This order requires Cessation of ALL mining activities.**

Or

☐ **This order requires Cessation of PORTION(S) of the mining activities.**

Mining activities to be ceased immediately:

☐ Condition, practice, or violation is creating an imminent danger to health or safety of the public.	☐ Permittee/Operator is/has been conducting mining activities without a Permit.
☐ Condition, practice, or violation is causing or can reasonably be expected to cause significant, imminent environmental harm to land, air, or water resources.	☐ Permittee has failed to abate Violation included in Citation # within time for abatement originally fixed or subsequently extended.

Abatement/corrective action(s) required (for all Citations):	**Abatement Times** (if applicable)
Provide a replacement surety. The bond is currently held by the Utah Bureau of Land Management with DOGM as a co-beneficiary. Provide an annual report for 2013.	60 days - 10/8/2014

CHP ZIEGLER Permittee Representative (Print)	April A. Abate DOGM Representative (Print)
Chap Ziegler 10/8/14 Permittee Representative's Signature Date	April A. Abate 8/8/14 DOGM Representative's Signature Date

SEE REVERSE SIDE Of This Form For Instructions And Additional Information

FORM MR-AR
(Revised 12/2011)

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

SMALL MINING OPERATIONS PROGRESS REPORT
January 1, 20 13 to December 31, 20 13

The information required in this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, and the rules as under the Utah Minerals Regulatory Program. The report is due January 31 each year.

1. Mine Permit Number: S/047/0065
2. Mine Name: Tom Taylor
3. Name of Operator/Permittee: Ziegler Chemical & Mineral Corp.

   Note: If Operator's address, company representative or phone number have changed, please provide a replacement page for the Notice of Intention together with form MR-REV available on the Division's web page at https://fs.ogm.utah.gov/pub/MINES/Minerals_Related/FORMS/MR-REV-SMO_EXP.pdf.

4. Report the gross amount of ore mined and waste moved.

   Gross Ore Mined 0 Tons, or ____ yd^3
   Waste Material Moved ____ Tons, or ____ yd^3

5. New disturbance created during the year 0 Acres
   Area reclaimed during the year 0 Acres
   Total Disturbed Area at the end of the year 0 Acres*
   *The total disturbed area should not be greater than the permitted/bonded acreage.

6. Briefly describe the reclamation work performed during the past year. A map showing reclaimed areas and dates is suggested.

   The Hoist House has been cleared out, to prepare for removal, the escapeway ladder was removed, and the openings covered to prevent access. The road needs to be improved to allow access to remove the larger items.

I hereby certify the information provided in this report is true and correct to the best of my knowledge and belief.

Name (Typed or Print): Chip Ziegler
Title of Operator: President
Signature of Operator: Chip Ziegler
Date: August 19, 2014

pb
O:\FORMS\reports\MR-AR-SMO2011.doc