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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 14, 2012

Jeff Fawcett
Color Country Rock LLC
2160 East Panorama Parkway
St. George, Utah 84790

Subject: Division Directive to Submit Reclamation Surety; Color Country Rock LLC; Snow White, Windy 3, Vermillion Mines; S/053/0065, S/053/0071 and S/053/0076; Washington County, Utah

Dear Mr. Fawcett:

On January 23, 2012, the Division of Oil, Gas and Mining received notice from the FDIC that SunFirst Bank was closed November 4, 2011, and that the FDIC was disaffirming the following letters of credit:

$15,000	Snow White Mine	S/053/0065
$15,000	No record of this LOC	
$15,000	Windy #3 Mine	S/053/0071
$15,000	Vermillion Mine	S/053/0076

Snow White

This site is largely reclaimed, and a replacement reclamation surety is not required.

Windy #3

A certified letter from the BLM dated February 3, 2012, requires that by April 15, 2012, you submit a replacement reclamation surety in the amount of $27,800.00. The Division also makes this requirement.

Vermillion

By letter dated April 20, 2010, the Division required that the surety be increased from $15,000.00 to $30,000.00, and the Division subsequently issued a cessation order requiring the increased surety.

By this letter, the due date for submitting the full surety of $30,000.00 is extended to May 14, 2012. After this date, the Division will issue another cessation order which will carry a fine of $750.00 for each day of continued non-compliance.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114 -5801
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UTAH DNR OIL, GAS & MINING

As you know, reclamation sureties are held to encourage mine operators to reclaim their sites. If this becomes impossible or is not done as required, the surety enables the State or another entity, such as the BLM, to perform the reclamation. These financial guarantees are required by both State and federal law.

The Division recognizes that the failure of SunFirst Bank was, of course, completely out of your control; however, the Division must hold or be named on a reclamation surety in an acceptable form and amount. Acceptable forms include cash, a certificate of deposit, a letter of credit, or a surety bond. Please contact the Division's bonding coordinator, Penny Berry, for further information about submitting the sureties. She can be reached at 801-538-5291 or by electronic mail at bondcoordinator@utah.gov.

Failure to provide the sureties by the deadlines stated may result in issuance of enforcement action or, in the case of Vermillion, additional enforcement action with associated fines. If you are unable to meet the due dates, please contact the Division to provide a progress report and to make arrangements for changing these dates.

Please call me at 801-538-5261 or Lynn Kunzler at 801-538-5310 if you have questions or concerns about this letter. Thank you in advance for your cooperation.

Sincerely,

Paul B. Baker
Minerals Program Manager

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