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State of Utah

DEPARTMENT OF NATURAL RESOURCES

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Division of Oil, Gas and Mining

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Division Director

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SECRETARY, BOARD OF
OIL, GAS & MINING

March 20, 2020

DIVISION ORDER

Mr. George Shaw
Lisbon Valley Mining Co., LLC
P.O. Box 248
La Sal, Utah 84530
Delivered Electronically to: gshaw@lvmcholdings.com

**Subject: Termination of Operations at the Lisbon Valley Copper Mine and
Emergency Order for Reclamation to Prevent Environmental Contamination**

Dear Mr. Shaw,

The Division of Oil, Gas and Mining (DOGM) received your letter, dated March 20, 2020, regarding the termination of operations at the Lisbon Valley Copper Mine, M/037/008 (Mine) in San Juan County, Utah, pursuant to Utah Code Ann. § 40-8-21.

After information received by Lisbon Valley Copper Mining Co. employees and agents and an inspection carried out by the Bureau of Land Management, DOGM understands the current conditions at the Mine are vulnerable and may quickly deteriorate. Particularly, DOGM understands that failure of the pumps at the leach pad and ponds would result in a release of sulfuric acid into the environment after only thirty-seven hours.

DOGM contacted the surety, Sompo International Insurance (Sompo), regarding the need for immediate action to protect the environment. Sompo reserved its right to oversee reclamation activities, pursuant to the surety bond issued by it to Lisbon Valley Copper Mining Co. Sompo indicated it will take immediate action to address the imminent environmental hazards at the Mine.

Pursuant to Utah Code Ann. § 40-8-21(4) and Utah Administrative Code Rule R641-109-400, I am hereby issuing an emergency order, without notice or hearing, to contain and/or reclaim any and all facilities at the Mine to the extent necessary to immediately prevent any imminent threat of environmental harm or damage. If Sompo fails to take immediate action to ensure the environmental harms are mitigated, DOGM will undertake emergency actions to forfeit the full amount of the surety bond.

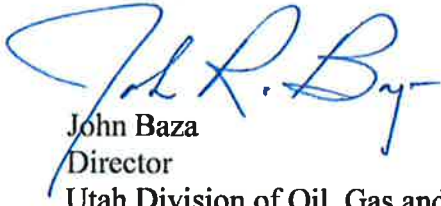


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This emergency order will remain in effect no longer than until the next regular meeting of the Board. At that time, DOGM will brief the Board on the events leading to the emergency order, together with any actions taken under the emergency order, and will request the Board issue an appropriate Order, possibly including a directive for full reclamation of the Mine. *See* Utah Admin. Code R641-109-400.

Questions regarding this Emergency Order can be directed to Paul Baker, Minerals Program Manager, at (801) 538-5261 or Dana Dean, Deputy Director – Mining, at (801) 538-5320.

Sincerely,

A handwritten signature in blue ink that reads "John Baza". The signature is stylized and cursive.

John Baza
Director

Utah Division of Oil, Gas and Mining

Attachments: Letter from George Shaw, Director of Lisbon Valley Mining, Co., to Paul Baker, Minerals Program Manager, Division of Oil, Gas and Mining

Email from Jeremy Sentman, Head of Surety Claims, to Gordon Rowe, Assistant Attorney General

cc: Jeremy T. Sentman, Head of Surety Claims
Sompo International Insurance
12890 Lebanon Road
Mt. Juliet, TN 37122