



# **BENTONITE**

**Performance Minerals LLC**

*Colony, Wyoming Plant*

*554 US Hwy 212,*

*Belle Fourche, SD 57717*

*Phone (307)896-2596/Fax (307)896-4588*

October 18, 2017

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

**VIA EMAIL**

2U Ranch, LLC

426 Lonesome Country Road

Alzada, Montana 59311

GLAM, LLC

44 Willow Wisp Terrace

Henderson, Nevada 89074

Sextus, LLC

44 Willow Wisp Terrace

Henderson, Nevada 89074

**RE: BENTONITE PERFORMANCE MINERALS, LLC SURFACE ACCESS**

Dear Surface Landowners:

This letter is to follow up on the October 10, 2017 meeting between Bentonite Performance Minerals, LLC (BPM) representatives and surface landowners' representatives Roland Ericsson, Ronald Ericsson, Leslie Day and Adam Day at the BPM plant in Colony, Wyoming. BPM appreciates your time and continued effort to reach an amicable surface access agreement, and BPM understands your various concerns related to bentonite mining operations on your surface lands. While we feel that progress was made at the meeting, we remain apart on several crucial points.

Of particular concern is your acknowledgement that the subdivision of your surface lands was done in a calculated attempt to triple the haulage payment remitted by BPM for traversing your surface lands. After careful consideration, BPM is unwilling and unable to concede to this arrangement. First, your proposed haulage rate of \$0.78 per ton grossly exceeds comparable haulage rates, including our previous negotiated haulage rate of \$0.23 per ton – effective as recently as May 31, 2017 – to traverse your surface lands. Second, it is our sincere belief and concern that acquiescing to your request for three separate haulage payments based upon the subdivision of your surface lands will have far reaching consequences for BPM's operations. Such an arrangement would establish a new market expectation whereby BPM would be subjected to repeated subdivisions of surface lands and multiplied haulage rates. Going forward, nothing would prevent you (or other surface owners for that matter) from further subdividing surface lands for the sole purpose of multiplying haulage rates. For these reasons, our haulage rate offer remains as stated in the purchase offer letter dated September 25, 2017.

Next, BPM requires, at a minimum, a surface access agreement with a 20-year term. While BPM appreciates your willingness to consider a 10-year agreement, the known bentonite

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reserves underlying your surface lands demand a longer term. In fact, our most optimistic estimates (ignoring market demand, weather, and BPM plant capacity) place active mining and hauling operations in excess of 20 years. It makes little sense for the parties to agree to a surface access agreement, only to renegotiate these matters in 10 years' time. For this reason, BPM requires a surface access agreement with a 20-year term.

As a final matter, BPM contacted the State of Wyoming concerning your request that BPM conduct a cultural resources survey. The Wyoming Department of Environmental Quality, Land Quality Division, confirmed that cultural resource surveys are not required for non-coal small and regular mine permits on private surface lands overlying either State of Wyoming or private minerals. Because the proposed operations do not involve Federal surface lands or minerals, a cultural resources survey is not required. Nonetheless, should you identify specific cultural resources, BPM will gladly work with you to survey and protect such sites.

BPM places great value on establishing and maintaining positive and productive working relationships with the surface owners affected by its mining operations. While BPM genuinely regrets that we have been unable to reach an agreement, BPM is simply unwilling and unable to accept the certain terms discussed above. If you are willing to consider a 20-year term and a haulage rate that is more consistent with the previous agreement between the parties, BPM is happy to continue discussions with you. However, based on your firm demands on these two issues, BPM understands that you are not willing to agree to such terms. As a result, BPM intends to initiate a proceeding before the Wyoming Environmental Quality Council. If we do not receive a response from you by October 27, 2017, we will move forward with this request.

Sincerely,



Tyler Tetrault  
Mineral Resource Coordinator

cc: Ronald J. Ericsson  
ericsson@childselect.com

Anthony & Meredith Tavaglione  
tavaglione.meredith@gmail.com

Leslie Cody  
lesliecody@cox.net

Roland J. Ericsson  
rolandericsson@cox.net

Scott A. Ericsson  
scottaericsson@gmail.com

Patricia Ericsson  
pericsson1237@gmail.com