Logo, company name

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For Official Use Only

DEQ #

Permit #

Air, Energy & Mining Division

**COLLATERAL BOND FORM**

**CASH BOND, PROSPECTING**

WHEREAS, this agreement is made and entered into on the date last below written between the Montana Department of Environmental Quality, hereinafter called "Department," and      ,

hereinafter called "Permittee". Department has issued to Permittee Prospecting Permit No     , hereinafter called "the Permit," which was issued pursuant to the Montana Strip and Underground Mine Reclamation Act, Title 82, Chapter 4, part 2, MCA, hereinafter called "the Act";

WHEREAS, Permittee is required to file with Department a bond in a sum to be determined by the Department and conditioned upon faithful performance of the requirements set forth in the Act, the administrative rules adopted pursuant to the Act, and the Permit;

WHEREAS, Department has determined pursuant to Section 82-4-223(2), MCA, that Permittee must post a bond in the amount of $       to guarantee performance pursuant to the Permit;

WHEREAS, Permittee has chosen to file a bond in the form of a cash bond pursuant to ARM 17.24.1101 and 17.24.1105; and

WHEREAS, Permittee has delivered to the Department cash in the amount of $       to be deposited into the Property Held in Trust account with the State Treasurer.

NOW, THEREFORE, in consideration of the authorization to mine contained in the permit, Permittee agrees as follows:

1. Permittee shall indemnify the State of Montana and the Department of Environmental Quality in the amount of $      from any and all losses and expenses which it may sustain as a result of Permittee's failure to comply with the Act, the rules adopted pursuant to the Act, or the permit; provided, however, that nothing in this agreement, including the indemni­fication amount, limits the monetary liability of Permittee to Department under the Act or any other law or rule for failure to comply with the Act, the rules adopted pursuant to the Act, or the permit. These expenses include, but are not limited to, expenses incurred by the Department in abatement of hazards and the reclamation of the operation.

2. Upon a determination by Department that Permittee has committed a violation that forms a legal basis for forfeiture under the Act, the rules adopted pursuant to the Act, or the permit, the Department may, after compliance with procedures established by law for forfeiture of bond, forthwith draw upon the cash deposit.

3. This obligation begins on the date of the Permit and extends until all reclamation and abatement work pursuant to the Act, the rules adopted pursuant to the Act, and the permit have been completed; until bond is released; and, notwithstanding the preceding, for the period of liability for reclamation under Section 82-4-235, MCA, unless earlier terminated pursuant to Section 82-4-238, MCA.

4. Nothing in this agreement qualifies or diminishes Department's authority to forfeit the bond by drawing on the cash deposit as authorized by the Act and the rules.

5. Nothing in this agreement prevents Department from requiring Permittee to post additional bond under the Act and rules adopted pursuant to the Act.

6. Nothing in this agreement, including the establishment of the indemnity amount, liquidates or limits the Permittee's obligation to complete reclamation as required in the permit and to comply in all other respects with the permit, the Act, and the rules adopted pursuant to the Act or Permittee's right to enforce these obligations in a court of law.

7. This agreement shall be interpreted and governed by the laws of the State of Montana. In the event of litigation concerning this agreement, review shall be in the First Judicial District of the State of Montana, in and for Lewis and Clark County.

8. The provisions of this agreement are binding and inure to the benefit of the parties and their successors and assignees.

Dated this day of , .

Signature: Permittee

Title

By

STATE OF )

: ss.

County of )

This instrument was signed before me on the \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_, by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NOTARY PUBLIC for the State of \_\_\_\_\_\_\_\_\_

Residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

( S E A L ) My commission expires \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**DEQ'S ACCEPTANCE**

Accepted: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dan Walsh, Mining Bureau Chief Date

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**DEQ’S RELEASE**

The State of Montana, Department of Environmental Quality, hereby releases the foregoing cash bond in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dollars this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_.

Released: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dan Walsh, Mining Bureau Chief Date

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Proof of Agency for Permittee must be attached.