

Nixon Fork Mine Project

Reclamation Plan Approval

Reclamation Plan Approval A20065562

DEPARTMENT OF NATURAL RESOURCES
Division of Mining, Land and Water

January 25, 2006

The Alaska Department of Natural Resources, Division of Mining, Land and Water (ADNR), in accordance with and subject to Alaska Statutes 27.19 (Reclamation) and 38.05 (Alaska Land Act) and the Alaska Administrative Code, Title 11 and Chapter 97 (Mining Reclamation), approves the Reclamation Plan for the Nixon Fork Gold Mine Project (A20065562) submitted by:

Mystery Creek Resources, Inc.
2221 East Street, Suite 200
Golden, CO 80401

Throughout this document, unless otherwise specifically indicated, reference to Mystery Creek Resources, Inc., MCRI or Permittee are considered a reference to Mystery Creek Resources, Inc. Throughout this document, unless otherwise specifically indicated, reference to the State, Department, ADNR, DNR or Division are considered a reference to the State of Alaska – Department of Natural Resources – Division of Mining, Land & Water.

Throughout this document, the Reclamation Plan is considered to consist of: Nixon Fork Mine Plan of Operations and Reclamation Plan (August 2005; with subsequent modifications dated November 18, 2005); Nixon Fork Mine Project Reclamation Plan (October 2005; with subsequent modifications to the Reclamation Cost Estimate dated November 18, 2005 and December 27, 2005); and the Nixon Fork Mine Monitoring Plan (September 2005). Reference to any of these plans throughout this document is considered to be a reference to the Reclamation Plan.

Effective dates of this plan approval are January 25, 2006 through January 25, 2011, unless sooner revoked for cause; however, Mystery Creek Resources, Inc.'s obligations under the terms and conditions of this plan approval shall continue, unless sooner terminated in accordance with the provisions of this plan approval, until completion of all requirements under and pursuant to the Reclamation Plan.

This plan approval is for activities upon State managed lands, federal managed lands, and private lands encompassed by the Nixon Fork Mine Project as described in the Nixon Fork Mine Plan of Operations and Reclamation Plan (August 2005; with subsequent modifications dated November 18, 2005).

This plan approval does not constitute certification of any property right or land status claimed by the applicant.

The Reclamation Plan was found to be complete and is approved by DNR with the following conditions:

GENERAL STIPULATIONS

Financial Assurance. This Reclamation Plan Approval does not take effect until Mystery Creek Resources, Inc. submits a bond in a form and substance approved by ADNR. The bond shall not be released until all affected areas have been reclaimed and are approved by the Authorized Officer and all other terms of this Reclamation Plan Approval are met. Modifications to this Reclamation Plan may, at ADNR's discretion, require bond review and update. The total bond of \$3,526,543.00 has been approved for the Nixon Fork Project.

Terms of this Plan Approval. The Terms and Conditions contained within the Nixon Fork Mine Plan of Operations and Reclamation Plan (August 2005; with subsequent modifications dated November 18, 2005); Nixon Fork Mine Project Reclamation Plan (October 2005; with subsequent modifications to the Reclamation Cost Estimate dated November 18, 2005 and December 27, 2005); and the Nixon Fork Mine Monitoring Plan (September 2005) are hereby incorporated by reference as stipulations of this Reclamation Plan Approval. If there is a difference between the Reclamation Plan as submitted and the terms contained within this Reclamation Plan Approval, the terms contained within this Reclamation Plan Approval take precedence. Changes to the documents incorporated herein must be approved by ADNR if they affect this plan approval. If ADNR approves the changes, they become terms of this Reclamation Plan Approval.

Authorized Officer. The Authorized Officer for ADNR is the Director of the Division of Mining, Land and Water or his designee. The Authorized Officer is designated as Steve McGroarty. The Authorized Officer may be contacted at 3700 Airport Way, Fairbanks, Alaska 99709, Attention: Steve McGroarty, telephone (907) 451-2795, and fax (907) 451-2703 or at stevem@dnr.state.ak.us. Mystery Creek Resources, Inc. will be notified of changes to the authorized officer as needed.

Alaska Historic Preservation Act. The Alaska Historic Preservation Act (AS41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic, prehistoric (paleontological) or archaeological site without a permit from the Commissioner. If cultural or paleontological resources are inadvertently discovered as a result of or during the activities authorized by this plan approval, all activities which would disturb such resources shall be stopped and measures taken to protect the site. The State Historic Preservation Officer (907-269-8722) shall be contacted immediately so that compliance with state laws may begin. If burials or human remains are found, in addition to the State Historical Preservation Officer, the State Troopers are to be notified immediately. The Authorized Officer shall be provided copies of all notifications sent to the State Historic Preservation Officer.

- Certain historic structures at the Nixon Fork Project Area have been determined to be eligible for inclusion in the National Registry of Historic Places. These include: the Treadwell Stamp Mill, tailings and two bunkhouses;

the Mespelt Camp; and the Winan Cabin. These facilities are located within the “Stamp Mill Area” as designated on Mystery Creek Resources Map Figure 3-3 Central Operations Area Detail. MCRI is cautioned not to conduct surface disturbing activities that would affect this area.

- The State Historic Preservation Officer has recommended that certain other historic structures be evaluated for eligibility to the National Registry; specifically, the two cabins located along the roads running between the borrow areas and the tailings impoundment area as illustrated on Mystery Creek Resources Map Figure 3-3 Central Operations Area Detail. MCRI is cautioned not to conduct surface disturbing activities that would affect these structures.

Forestry Resources. Clearing of vegetation shall be kept to the minimum necessary to conduct the authorized mineral exploration, project development and mining.

Treatment of Spruce Trees (other than black spruce): In order to minimize the spread of destructive forest insects and reduce the risk of wildfire, the MCRI shall perform one or more of the following practices within one year of clearing or cutting spruce trees, unless otherwise approved by the Authorized Officer. Downed and removed spruce trees or limbs greater than five inches in diameter must be treated in an appropriate manner, if they are not burned, buried (in a manner approved by the Authorized Officer), manufactured, or otherwise used in a way that will prevent the spread of bark beetles. Treatments include bucking trees to 4 foot lengths and scoring the bark along the full-length of the 4 foot segments to facilitate drying. The ADNR may, in its discretion, approve other methods for disposal or treatment of downed spruce trees to minimize the spread of bark beetles or reduce the risk of wildfire.

No special treatment is required for spruce trees, limbs or slash less than five inches in diameter; or for aspen, birch or other non-spruce species left on-site.

Reporting. The results of monitoring, required by all State and federal authorizations (unless otherwise indicated by the Authorized Officer), obtained during a reporting period shall be summarized and submitted to the Authorized Officer quarterly, no later than 60 days after the last day of the quarter, in hard copy and electronic format acceptable to ADNR. An annual report will be due by March 1st and shall summarize activities (surface disturbance, reclamation, mining, and milling) conducted during the previous calendar year and include fourth quarter monitoring data. The annual report shall also address the adequacy of the financial responsibility, including, but not limited to, inflation, significant changes in reclamation activity costs, concurrent reclamation, expansion or other changes to the operation of the facility. Electronic and hard copies should also be sent to ADNR (Jim Vohden at jimv@dnr.state.ak.us, and Mac McLean at mac_mclean@dnr.state.ak.us), ADEC (Luke Boles at Luke_Boles@dec.state.ak.us), and BLM (David Kelly at d1kelley@ak.blm.gov). Amendments to this distribution list will be provided to Mystery Creek Resources, Inc. as needed.

As-Built Maps. Mystery Creek Resources, Inc. shall submit to ADNR an “as built” map in conjunction with each annual report (unless otherwise approved by ADNR). The map (or maps) shall illustrate the current development of all facilities within the project area as described in the Nixon Fork Mine Plan of Operations and Reclamation Plan. The plan maps shall show: cleared and grubbed areas; topsoil or growth medium stockpiles; roads; waste rock dumps; material sites; tailings facility; Filtered Tailings Disposal Site; adits; shafts; facility construction; and any unreclaimed exploration disturbance. Maps shall be 1”-500’ or other appropriate scale necessary to review the development of individual facilities.

Temporary Closure. MCRI shall notify the Authorized Officer in writing at least thirty (30) days prior to any planned Temporary Closure of ninety (90) days or longer. Permittee shall notify the Authorized Officer of any unanticipated Temporary Closure expected to last ninety (90) days or more within ten (10) days of the first day of the Temporary Closure. The notice shall state the nature and reason for the Temporary Closure, the anticipated duration of the Temporary Closure, what actions will be taken to maintain compliance with project permits and plan approvals, and any event which would reasonably be anticipated to result in the resumption of mining or the permanent cessation of mining. Mining operations must resume for not less than ninety (90) consecutive days in order to terminate the running of the Temporary Closure. If a Temporary Closure extends beyond three (3) years, the Department may deem mining operations to be permanently abandoned or ceased, and whereupon final reclamation must commence unless otherwise agreed by the Department.

MCRI shall ensure that the project area and facilities are maintained in a safe condition during a Temporary Closure and MCRI shall not allow the project area or facilities to be degraded / eroded or facilities to fall in a state of disrepair during or as a result of the Temporary Closure. Action shall be taken to prevent or mitigate any impacts to ground or surface waters from project facilities. All collection, treatment, maintenance, and monitoring activities required under project permits or plan approvals shall be performed under any Temporary Closure.

Abandonment or Cessation of Operations. Not later than thirty (30) days after the permanent cessation or abandonment of mining operations, MCRI shall notify the Authorized Officer of the cessation of mining operations and provide a schedule for the final reclamation of the site.

Permanent Closure. For purposes of determining monitoring requirements and bond release, closure of a facility is achieved when the applicable surface and ground water quality standards have been met (including natural conditions as allowed in 18 AAC 70), and the site has been reclaimed in accordance with the Reclamation Plan Approval.

Environmental Audit. Periodic third-party environmental audits shall be conducted for the purpose of evaluating MCRI’s performance under its permits and

plan approvals, to determine compliance with applicable environmental laws and regulations, and to assist in updating, renewing or issuing permits and plan approvals. The environmental audit shall include an evaluation of the adequacy of the reclamation financial sureties. The environmental audit shall also evaluate the adequacy of agency oversight to protect environmental resources.

The first environmental audit shall occur during the snow-free season in 2010; or prior to final closure if this occurs prior to 2010. Subsequent audits shall occur every five years and prior to final closure, unless otherwise approved by ADNR, Alaska Department of Environmental Conservation (ADEC), and the U.S. Bureau of Land Management (BLM). This audit will include all aspects of the project, including the airstrip, access roads, material sites, waste rock dumps, mine and tailings facilities. The third-party contractor and the scope of the environmental audit should be mutually agreed on by ADNR, ADEC, BLM, Doyon Ltd. and MCRI, but in the event that agreement cannot be reached, ADNR, ADEC, and BLM retain the final decision authority regarding the selection of the contractor and the scope of the audit. Costs for the third-party environmental audit shall be borne by MCRI.

PROJECT DOCUMENT - SPECIFIC STIPULATIONS

Nixon Fork Mine Plan of Operations and Reclamation Plan - Vol. 1

Section 3.4 Access: Prior to removal of the “knob” and extension of the south end of the Hercules Airstrip, MCRI shall provide ADNR a Site Clearing & Stockpiling Plan, for review and approval, that indicates the acreage to be cleared, the estimated quantity of topsoil and overburden to be salvaged (or an explanation of why it is not possible to salvage the material), and stockpile locations (i.e. topsoil, overburden, and vegetative debris).

Section 3.6 Mine Development Rock:

- Prior to significant expansion of the Crystal Development Rock Dump; or by October 1, 2006 (unless otherwise approved by the Authorized Officer); MCRI shall provide ADNR a Site Clearing & Stockpiling Plan, for review and approval, that indicates the acreage to be cleared, the estimated quantity of topsoil and overburden to be salvaged (or an explanation of why it is not possible to salvage the material), and stockpile locations (i.e. topsoil, overburden, and vegetative debris).
- Prior to initiation of reclamation of the development rock dumps, MCRI shall submit to ADNR final facility closure plans, for review and approval, that are developed to minimize surface run-on water and infiltration into the development rock dumps. The final facility closure plans shall include consideration of water quality monitoring data and development rock monitoring results and shall specify final slopes, cover design, growth medium replacement depths, and surface flow diversion ditches. Plans should also describe the source of growth medium for facility cover construction.

- If the development rock monitoring results require the drafting of a corrective action plan, said plan shall be submitted to ADNR for review and approval.

Section 3.10.1 Reprocessed Filtered Tailings (FTDS):

- Surface disturbance associated with geotechnical and geological exploration trenching and/or drilling at the originally proposed FTDS location in T26S, R22E, KRM, shall be reclaimed per requirements of the ADNR Reclamation Plan Approval by October 1, 2006 (unless otherwise approved by the Authorized Officer).
- Prior to initiation of reclamation of the FTDS, MCRI shall submit to ADNR final facility closure plans, for review and approval, that are developed to minimize surface run-on water and infiltration into the FTDS. The final facility closure plans shall include consideration of site water quality and tailings geochemical monitoring data and shall specify final slopes, cover design, growth medium replacement depths, and surface flow diversion ditches. Plans should also describe the source of growth medium for facility cover construction.

Section 3.10.3 Milled Ore Tailings (existing tailings facility):

- Thermister strings installed in Boreholes G04-1 and G04-2 shall be monitored on a monthly basis (unless otherwise approved by the Authorized Officer) with data included in quarterly and annual reports.
- Unless otherwise approved by the Authorized Officer, prior to placement of tailings into the existing tailings facility, MCRI shall provide ADNR with facility development plans, for review and approval, that demonstrate the geotechnical and thermal stability of the facility over the duration of the mine-life.
- Prior to initiation of reclamation of the tailings facility, MCRI shall submit to ADNR final facility closure plans, for review and approval, that are developed to minimize surface run-on water, infiltration into the tailings, and that demonstrate the geotechnical stability of the facility. The final facility closure plans shall include consideration of site water quality and tailings geochemical monitoring data and shall specify final slopes, cover design, growth medium replacement depths, and surface flow control and diversion ditches. Plans should also describe the source of growth medium and any other materials needed for facility cover construction.

Section 3.24 Exploration: The Annual Surface Exploration Map shall be submitted to ADNR.

Reclamation Plan and Cost Estimate – (October 2005; with subsequent modifications dated November 18, 2005 and December 27, 2005)

Section 2.5 Site Revegetation Plan Requirements: When sufficient stockpiled growth medium is not readily available for the reclamation of a specific facility, MCRI shall submit a plan acceptable to ADNR for the acquisition of additional growth medium.

Section 3.1.2 Mystery Rock Stockpile: Fertilizer should not be applied within 100 feet of Mystery Creek.

Section 3.1.3 Infiltration Gallery and Pumphouse: Fertilizer should not be applied to this area.

3.2.6 Maintenance Shop: Glycol lines shall be “blown clear” with compressed air.

3.2.7 Mill Complex: Glycol lines shall be “blown clear” with compressed air.

3.2.11 Generator Set Enclosure – Proposed: Any buried fuel and/or glycol lines shall be “blown clear” with compressed air prior to cutting and/or capping below grade.

3.2.13 Crystal Development Rock Stockpile: MCRI shall not utilize waste rock from the Crystal Waste Rock Dump for the 2-foot cover on the Tailings Impoundment, unless geochemical characterization of this material demonstrates that it is a suitable capping material and the use is specifically authorized by the Authorized Officer.

3.2.15 Main Tailing Impoundment and Pipeline Corridor: MCRI shall not utilize waste rock from the Crystal Waste Rock Dump for the 2-foot cover on the Tailings Impoundment, unless geochemical characterization of this material demonstrates that it is a suitable capping material and the use is specifically authorized by the Authorized Officer.

3.2.19 Fuel Depot: Any buried fuel lines shall be “blown clear” with compressed air prior to cutting and/or capping below grade.

3.3.6 Rock Quarry: The need for placement of growth medium during reclamation of the site will be determined during field inspections by ADNR prior to reclamation of the site.

Nixon Fork Mine Monitoring Plan – (September 7, 2005)

Within 60 days of the issuance of this Reclamation Plan Approval, MCRI shall submit to ADNR for approval an update of the Monitoring Plan that incorporates:

- Monitoring requirements of ADEC Waste Management Permit 2003-DB0055, Nixon Fork Mine.
- Monitoring requirements of ADNR Certificate to Operate the tailings dam.
- Annual “seep surveys and monitoring” at all development rock dumps.
- Monthly monitoring of the thermistors in Boreholes G04-1 and G04-2.

- Revisions to the Development Rock Monitoring Procedures contained in Appendix B – Nixon Fork Mine Monitoring Plan that demonstrate sampling procedures are representative of the overall waste rock geochemistry.

STANDARD STIPULATIONS

Reclamation Stipulations.

- a. Topsoil and overburden (including frozen muck), not promptly redistributed to an area being reclaimed, shall be separated and stockpiled for future use. This material shall be protected from erosion and contamination by acidic or toxic materials and shall not be buried by development rock or surface construction activities.
- b. The area to be reclaimed shall be recontoured or reshaped to blend with surrounding topography using approved development rock or overburden and then be stabilized to a condition that shall retain sufficient moisture to allow for natural revegetation.
- c. Stockpiled topsoil, overburden fines or muck and brush or other organic material shall be spread over the recontoured areas to promote natural plant growth.
- d. Exploration trenches shall be backfilled and the surface stabilized to prevent erosion. Brush piles, stumps, topsoil, and other organics shall be spread on the backfilled surface to inhibit erosion and promote natural revegetation. Reclaimed exploration trenches shall have water bars installed as needed for erosion control. Exploration trenches on state lands shall be flagged and signs posted to notify the public of the existence of the open trenches. All exploration trenches shall be reclaimed by the end of the exploration season in which they are constructed, unless specifically approved by the Division of Mining, Land & Water.
- e. Shallow auger holes (limited to depth of overburden) shall be backfilled with drill cuttings or other locally available material in such a manner that closes the hole to minimize the risk to humans and wildlife.
- f. All surface drill hole casings shall be removed or cut off at, or below, ground level.
- g. All surface drill holes shall be plugged by the end of the exploration season during which they are drilled, unless otherwise specifically approved by the Division of Mining, Land & Water.
- h. All surface drill holes shall be plugged with bentonite holeplug, a benseal mud, or equivalent slurry, for a minimum of 10 feet within the top 20 feet of the drill hole in competent material. The remainder of the hole will be backfilled to the surface

with drill cuttings. If water is encountered in any drill hole, a minimum of 7 feet of bentonite holeplug, a benseal mud, or equivalent slurry shall be placed immediately above the static water level in the drill hole. Complete filling of the drill holes, from bottom to top, with a bentonite holeplug, benseal mud, or equivalent slurry is also permitted and is considered to be the preferred method of hole closure.

- i. If artesian conditions are encountered in surface drill holes, the operator shall contact the Division of Mining, Land & Water (Steve McGroarty – (907) 451-2795) or the Department of Environmental Conservation (Luke Boles – (907) 451-2142) to advise the agencies of proposed hole plugging methodology and receive approval for the hole plugging plans.
- j. Upon completion of drilling activity, drill pads shall be reclaimed as necessary to encourage natural revegetation of the sites and protect them from erosion.
- k. Roads and surface disturbance shall be held to a minimum. Exploration roads, drills pads and trenches shall be constructed in such a manner that minimizes the burial of vegetation and topsoil beneath overburden or broken rock. This may require the use of a track excavator for construction of these facilities on slopes so as to allow for segregation of materials during construction and subsequent reclamation. Exploration roads shall have water bars installed for erosion control and at the end of the project shall be reclaimed by backfilling, recontouring, and spreading of organic rich overburden to promote stabilization and natural revegetation.

Fuel and Hazardous Substances. Secondary containment shall be provided for fuel or hazardous substances.

- a. **Container marking.** All independent fuel and hazardous substance containers shall be marked with the contents and the Permittee's name using paint or a permanent label.
- b. **Fuel or hazardous substance transfers.** Except for hand operated equipment, secondary containment or a surface liner must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers, where feasible and prudent. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations shall be attended by trained personnel at all times.

Vehicle refueling shall not occur below the ordinary high waterline of any waterbody. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.

- c. **Storing containers within 100 feet of waterbodies.** Containers with a total capacity larger than 55 gallons which contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.
- d. **Exceptions.** The Authorized Officer may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Authorized Officer.
- e. **Definitions.**
 - 1) **"Containers"** means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolds or any tanks in a series must be considered as a single container. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.
 - 2) **"Hazardous substance"** is defined under AS 46.03.826(5) as (A) an element or compound which, when it enters into the atmosphere, or in or upon the water, or surface or subsurface land of the state, presents an imminent and substantial danger to the public health or welfare, including but not limited to fish, animals, vegetation, or any part of the natural habitat in which they are found; (B) oil; or (C) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).
 - 3) **"Secondary containment"** means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest container. Double-walled tanks do not qualify as secondary containment unless valves and piping are contained within the outer double wall.
 - 4) **"Surface liner"** means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.
 - 5) **Notification.** The Permittee shall immediately notify DNR and DEC by phone of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported to DNR. The DNR 24 hour incident notification number is (907) 451-2678; the Fax number is (907) 451-2751. The DEC spill report number is (800) 478-9300. DNR and DEC shall be supplied with all follow-up incident reports.

- 6) **Remediation.** Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to Permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, the Permittee, at its expense, shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

Inspection and Entry. Mystery Creek Resources, Inc. shall permit authorized representatives of ADNR to enter into and upon the area and facilities covered under this plan approval at all reasonable times without notice for the purpose of inspecting the area and activities covered under this plan approval. Said inspections shall be subject to such safety and security procedures as Mystery Creek Resources, Inc. may from time to time adopt.

At any time upon ADNR's written request, Mystery Creek Resources, Inc. shall promptly make any and all records, documents, or other information required to be kept or maintained by law, regulation, ordinance, permit or this Reclamation Plan Approval available to ADNR for inspection and copying as reasonably required by ADNR to determine Mystery Creek Resources, Inc. in compliance with local, state and federal laws applicable to the operations authorized under this plan approval.

Violations. This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal and State).

Adverse Impact. MCRI shall take all necessary means to minimize any adverse impacts to the receiving waters or lands resulting from noncompliance with any limitation specified in this plan approval, including any additional monitoring needed to determine the nature and impact of the noncomplying activity. MCRI shall cleanup and restore all areas adversely impacted by the noncompliance.

Permittee Responsibility for Actions of Contractors. MCRI is responsible for the actions of contractors, agents, or other persons who perform work to accomplish the approved project, and shall ensure that workers are familiar with the requirements of this authorization.

Assignment. This plan approval may be transferred or assigned with prior written approval from ADNR. ADNR will only disapprove a transfer with good cause and will evaluate whether the proposed assignee: (1) is qualified to acquire all other permits and authorizations necessary to conduct operations under the plan; (2) is on notice of default or subject to an enforcement action by any state agency on any lease, reclamation bond, or other permit within the state. Any assignee must commit in writing to be bound by this plan approval to the same extent as Mystery Creek Resources, Inc., and must provide to ADNR all proofs of insurance, bonds, or

undertakings required by this plan approval. Transfer of this plan approval may, at ADNR's discretion, require bond review and update.

Other Authorizations. The issuance of this authorization does not alleviate the necessity of Mystery Creek Resources, Inc. to obtain authorizations required by other agencies for this activity.

Valid Existing Rights. This authorization is subject to all valid existing rights in and to the land under this authorization. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.

Reservation of Rights. ADNR reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization.

Change of Address. Any change of address must be submitted in writing to the Authorized Officer.

Modifications. Any request for modification of the Plan of Operations and Reclamation Plan and any other affected permits or authorizations must be made by written application to ADNR. Applications for renewal or amendment of this plan approval must be made no later than 30 days before the expiration date of the plan approval or the planned effective date of the amendment. Amendments to the Reclamation Plan may, at the discretion of ADNR, require bond review and update.

Statutes and Regulations. This plan approval is subject to all applicable state and federal statutes, including state, federal, and any local statutes and ordinances in effect on the effective date of this plan approval, new statutes, regulations, and ordinances enacted or promulgated after said effective date, and changes to existing statutes and regulations made after the effective date, to the extent constitutionally permissible.

Severability. If any clause or provision herein contained shall be adjudicated to be invalid, it shall not affect the validity or effect of any other clause or provision of this plan approval, nor constitute any cause of action in favor of either Mystery Creek Resources, Inc. or ADNR as against the other.

Save Harmless. The recipient of this plan approval (permittee) shall indemnify, save harmless, and defend the Department, its agents and its employees from any and all claims, actions or liabilities for injuries or damages sustained by any person or property arising directly or indirectly from permitted activities or MCRI's performance under this Plan Approval. However, this provision has no effect, if, and only if, the sole proximate cause of the injury is the Department's negligence.

Commencement of permitted activities will be considered an acceptance by Mystery Creek Resources, Inc. of these stipulations.

Approved: _____
Steve McGroarty,
Department of Natural Resources

January 25, 2006
Date

Appeal Right and Procedure

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received by February 14, 2006 and may be mailed or delivered to Michael Menge, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr_appeals@dnr.state.ak.us. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on February 27, 2006. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.