

--DRAFT--
**TOWN OF COOKS VALLEY NONMETALLIC
MINING PERMIT**

**THE TOWN OF COOKS VALLEY, CHIPPEWA COUNTY,
WISCONSIN, HEREBY GRANTS A NON-METALLIC MINING
PERMIT TO:**

PREFERRED SANDS OF MINNESOTA, LLC (“Permit Holder”)

RESIDING AT THE FOLLOWING ADDRESS:

**ONE RADNOR CORPORATE CENTER,
100 MATSONFORD AVE, SUITE 101,
PHILADELPHIA, PA 19087**

**THIS IS A CONDITIONAL PERMIT. IT IS GRANTED WITH ALL OF
THE CONDITIONS LISTED BELOW.**

**THIS PERMIT IS NOT TRANSFERRABLE TO ANY OTHER PERSON
OR COMPANY. IT IS TRANSFERRABLE ONLY TO HEIRS OR
SPOUSES- PROVIDED THE STIPULATIONS AS OUTLINED IN THE
APPLICATION AND PERMIT ARE FOLLOWED.**

**THE LAND ASSOCIATED WITH THIS PARTICULAR PERMIT IS
LOCATED IN SECTION 3, TOWNSHIP 30 NORTH, RANGE 10 WEST,
INCLUDING THE FOLLOWING PARCEL NUMBERS:**

**23010-0342-00020000
23010-0334-02000000
23010-0332-00000000
23010-0334-00020000
23010-0331-04000000
23010-0343-00020000
23010-0331-00020000
23010-0333-00000000
23010-0343-04000000
23010-0342-07250000**

1. This permit shall be reviewed annually during the first five years of operation. Subject to the Permit Holder being compliant with the provisions of this Permit, the Permit term is for thirty (30) years.
2. This permit allows mining activity and reclamation in specific areas as outlined in the permit application (the "Permit Application") as hereby accepted by the Town.
3. All mining activities shall be in compliance with any other required county, state and federal permits.
4. No setback requirements shall apply to the Permit Holder.
5. Hours of operation shall be 24 hours per day, seven (7) days per week; 365 days per year, subject only to winter weather constraints typically lasting from approximately November 15th through March 1st of each year.
6. The Permit Holder shall follow all provisions of the Chippewa County Nonmetallic Mining Reclamation Ordinance and Wisconsin Administrative Code Ch. NR 135.
7. All activities shall be conducted in compliance with the Permit Application. This includes the covering of all haul trucks and any other requirements approved by the Town of Cooks Valley pursuant to approval of this Permit, as described below.
8. The Permit Holder has prepared a "Groundwater Testing & Well Protection Plan" attached hereto as Exhibit A and approved by the Town Board as a condition of this Permit.
9. No hauling of materials may take place from any mine or pit area after this Permit has expired.
10. It is the responsibility of the Permit Holder to keep all permits current. Failure to pay the initial Permit application fee before the due date shall result in an increase in the fee to \$750.00. Failure to pay the Permit review fee during the first five (5) years of the Permit period before the due date, which is the anniversary of the date of issuance of the Permit, shall result in an increase in the fee to \$500.00.
11. Annual review of the Permit by the Town during the first five (5) years shall take place at least 15 and no more than 30 days prior to the anniversary of the date of issuance of the Permit.
12. The annual Permit review fee during the first five (5) years shall be \$200.00 annually. This fee should be submitted to the Clerk of Cooks Valley.
13. Modification of Permit. If the activities or operations permitted under this Permit cause substantial unforeseen public health or safety problems, the Town Board shall hold a public

hearing on the matter. If, upon finding that unforeseen substantial public health or safety problems exist due to the activities or operations permitted under this Permit, the Town board may reasonably modify the Permit to address the situation.

14. Revocation & Enforcement of Permit. If any condition or provision of the Permit has been violated by the Permit Holder, the Town Board shall notify the Permit Holder and the Permit Holder shall cure such violation in a timely manner. If Permit Holder fails to cure the violation in a timely manner, or a pattern of violations occurs, the Town Board may hold a public hearing on the matter. Upon finding after such public hearing that any condition or provision of the Permit has been violated, the Permit may be modified or revoked by the Town Board, and legal action may be initiated at any time by the Town to enforce the Permit, in order to protect the public health, safety, and general welfare of Town of Cooks Valley residents and property owners.

15. In the event of revocation of the Permit, the Permit shall be void and the subject property shall be reclaimed by the Permit Holder.

16. Lapse of Permit. This Permit shall lapse and will be considered void one (1) year after approval by the Town Board unless the permitted activities have been commenced by the Permit Holder.

17. Termination based on Inactivity. This Permit shall automatically terminate prior to its expiration date if active mining operations at the site have been ceased for three (3) years by the Permit Holder. Upon such termination, Permit Holder shall complete the required reclamation within one year.

18. Performance bonds, financial security arrangements, and road maintenance procedures as agreed to by the Town Board, Landowner and/or Permit Holder shall be adhered to. Failure may result in revocation of the Permit. Performance bonds and proof of liability insurance are required prior to the issuance of a Permit.

19. All haul roads shall be maintained so that dust is kept to a minimum by an approved method. There are chemicals available to do this. A suitable surface may also meet this condition of the Permit.

20. All reasonable attorneys' fees and costs to the Town arising from consideration, preparation, drafting, processing, obtaining or seeking compliance, modification, revocation, and termination of this Permit or its enforcement by the Town shall be paid by the Permit Holder.

21. Other Conditions:

A. The Permit Holder has prepared a "Groundwater Testing & Well Protection Plan" as set forth in paragraph 8, above. The Permit Holder shall implement the Groundwater Testing & Well Protection Plan.

B. The Permit Holder has prepared a “Light & Noise Mitigation Plan” attached hereto as Exhibit B and approved by the Town Board as a condition of this Permit. The Permit Holder shall implement the Light & Noise Mitigation Plan.

C. The Permit Holder shall follow and abide by the Town Road Agreement previously entered into with the Town of Cooks Valley.

D. The Permit Holder shall limit sand trucking to no more than 430 truck loads per day from the mine site. The maximum weight per truck load shall not exceed 26 tons of sand and material. The hours of trucking operations shall not exceed 16 hours per day. Trucking of sand and material shall be limited to the hours of 6:00 a.m. to 10:00 p.m. on Monday through Saturday; and from 1:00 p.m. to 9:00 p.m. on Sunday, excluding federal holidays. No trucking shall be permitted on federal holidays. The trucking routes shall be limited to those set forth in the Town Road Agreement between the Permit Holder and the Town of Cooks Valley, as such may be amended from time to time.

E. The Permit Holder has prepared a “Property Value Protection Plan” attached hereto as Exhibit C and approved by the Town Board as a condition of this Permit. The Permit Holder shall implement the Property Value Protection Plan.

F. The Permit Holder shall submit to the Town Clerk copies of Material Safety Data Sheets for all chemicals used in its operation.

G. The Permit Holder represents that all information provided to the Town in the Permit Application is true and correct and that such information may be relied upon by the Town in considering, approving and enforcing the Permit. The Permit Application submitted by the Permit Holder is, therefore, incorporated herein by reference.

WE AGREE TO THE ABOVE CONDITIONS AND TERMS OF THIS PERMIT:

PERMIT HOLDER:

Preferred Sands of Minnesota, LLC

By: _____
Signature of Authorized Representative Date

Kevin Traynor
Executive Vice President, Partner
Preferred Sands
One Radnor Corporate Center
100 Matsonford Ave., Suite 101
Philadelphia, PA 19087

APPROVED THIS _____ DAY OF _____, 2012.

SIGNATURES OF TOWN BOARD MEMBERS:

CHAIRMAN: _____

SUPERVISOR: _____

SUPERVISOR: _____

ATTEST:
TOWN CLERK: _____

Exhibit A

Groundwater Testing & Well Protection Plan

- A. The Permit Holder will comply with Wisconsin Department of Natural Resources regulations (NR 820) for the protection of groundwater quantity and shall seek a high capacity well permit for all qualifying wells to be installed for mining and production purposes.
- B. The Permit Holder may, at its discretion or for the purpose of complying with Wisconsin Department of Natural Resources regulations and high capacity well permit requirements, install a groundwater level monitoring well network for the purpose of monitoring changes to the groundwater elevation that may occur over time as a result of groundwater appropriation for production water. The network should consist of a minimum of four (4) monitoring wells.
- C. The groundwater level monitoring network shall be designed to triangulate the elevation of the water table surface and to establish the direction of groundwater flow near the high capacity well(s). The groundwater level monitoring well network shall be designed by a Professional Hydrologist or Professional Engineer.
- D. Using the information gathered in the monitoring well network, if applicable, the Permit Holder shall prepare a groundwater elevation map. The Permit Holder shall provide this map to the Town of Cooks Valley prior to regular production use of the high capacity well.
- E. The Permit Holder shall provide a copy of any application and permit for a high capacity well that is subject to state permit requirements. The application and permit shall be provided to the Town of Cooks Valley.
- F. The Permit Holder shall comply with the requirements of the high capacity well permit as determined by the Wisconsin Department of Natural Resources, which may include maintaining records of pumping rates and volumes for all high capacity wells at the mine site on a monthly basis following procedures established in NR 820.13. To the extent that such records are required pursuant to the high capacity well permits, the Permit Holder shall provide a copy of those records to the Town of Cooks Valley.
- G. The Permit Holder shall comply with the requirements of the high capacity well permit as determined by the Wisconsin Department of Natural Resources and NR 820, which may include preparing a Water Conservation Plan to limit consumptive use of groundwater. The plan may include a water budget for the operation that shows the typical annual volume of gains and losses to mining and reclamation activities. The plan may also describe the processes and best management practices used in mining and reclamation to reduce the consumptive use of groundwater at the mine site. To the extent that a Water Conservation Plan is required by the Wisconsin Department of Natural Resources in order to comply with permits and regulations governing the use and management of groundwater quantity, the Permit Holder shall provide a copy of the Plan to the Town of Cooks Valley.
- H. The Permit Holder may, at its discretion, sample any onsite monitoring wells installed under B prior to regular production activity in order to characterize the baseline water quality condition. These initial monitoring well samples will be analyzed for the chemical parameters established in NR 140.

- I. In the event that activities at this site are proved to have caused a degradation of groundwater quality below standards listed in Wisconsin Administrative Code NR140, the Permit Holder shall seek to mitigate these effects by altering site operations.

- J. This permit does not relieve the owner or Permit Holder of the responsibility for compliance with all provisions of Wisconsin State Statute 281, Wisconsin Administrative Code NR 820, or Wisconsin Administrative Code NR 812, as they may pertain to waters of the state and the operation of any private wells on neighboring properties, and any associated liability under state law.

EXHIBIT B

Light and Noise Mitigation Plan

Light

- A. Permit Holder will complete an inventory of all light sources applicable to the operation.
- B. Permit Holder will mitigate to the extent possible without compromising safety the light nuisances existing throughout the operation.
- C. Mitigation measures will consist of downward and inward facing light shrouds to direct the light sources to efficiently light where necessary while limiting unnecessary light emanating from the source.

Noise

- A. Noise from the operation shall not exceed L10 of 75 dbA and L50 of 70 dbA, as measured at the property lines of the operation in line with and adjacent to existing residential structures.
- B. Noise from trucks and other vehicles shall not be included in the referenced limits.
- C. Definitions:
L10 is the sound level, expressed in dbA, which is exceeded ten percent (10%) of the time for a one (1) hour survey. L50 is the sound level, expressed in dbA, which is exceeded 50 percent (50%) of the time for a one (1) hour survey. dbA is the unit of sound level expressed in decibels (db) and A-weighted, as described in ANSI s 1.4, 1983, section 1.5.
- D. Measurement methodology:
All sound measuring devices must meet Type O, I, II or S specifications under ANSI s 1.4 1983. Devices must be externally field calibrated before and after monitoring using a calibration device of know frequency and sound pressure levels. Measurements must be made using the A weighting and Fast Response characteristics of the sound measuring device as specified in ANSI 2, 1.4 1983.
- E. In order to demonstrate the operations ability to meet with the noise limitations set forth in A, Permit Holder will conduct a noise study to collect noise data emanating from the operation. A copy of the results of such noise study shall be provided to the Town.
- F. In the event that noise from the operation exceeds the limitations set forth in A, Permit Holder will implement mitigation measures to remedy the exceedance.

G. Permit Holder will immediately implement the nighttime use of mobile equipment strobes in compliance with Mining Safety and Health Administration regulations to replace the nighttime use of audible back up alarms.

EXHIBIT C

Property Value Protection Plan

Permit Holder shall provide a property value guarantee to the owners (the “Owners”) of legal parcels of real property which contain existing homesteads as of the issuance of this Permit (the “Properties”) as identified in the attached Attachment 1, subject to the following terms and conditions:

(1) A property value guaranty (“Guaranty”) shall be offered for the sale of any Property which closes within a three (3) year period (the “Guaranty Term”). The Guaranty Term shall begin (the “Guaranty Commencement Date”) at the latter of: (a) the issuance of the Permit, or (b) the commencement of active mining operations at the site. The Permit Holder shall timely notify the Owners in writing of the Guaranty Commencement Date.

(2) The fair market value of the Property (the “Fair Market Value”) shall be equal to the estimated fair market value of the Property (land and improvements) as disclosed in the most-recent tax assessment records for the Property available as of the Guaranty Commencement Date.

(3) Any Owner that disputes the Fair Market Value of their Property must alert Permit Holder of such objection in writing, and may seek a reassessment of their Property. If Permit Holder is so alerted, the Fair Market Value shall be deemed to equal the estimated fair market value of the Property (land and improvements) as disclosed in the tax assessment records for the Property for the following year.

(4) If an Owner wishes to sell a Property at any time during the Guaranty Term, such Owner shall first notify the Permit Holder of such desire in writing.

(5) After such notice, the Owner may enter into a listing contract with licensed real estate broker, or otherwise market the Property. Any listing contract shall exclude Permit Holder as a potential buyer so that if Permit Holder purchases the Property no commission shall be due.

(6) If the Owner receives a bona fide arm’s-length offer for the Property which shall close during the Guaranty Term for a price less than the Fair Market Value that the Owner wishes to accept, the Owner shall provide a copy of such offer to Permit Holder. For two (2) days after receipt of such offer by Permit Holder, it shall have the right to purchase the Property on the same terms and conditions of the offer, less any commission the Owner would pay on such sale (the “Right of First Refusal”). Permit Holder shall exercise its Right of First Refusal by delivering written notice of such exercise to Owner. If Permit Holder fails to so notify Owner, Owner is free to accept the offer from such third party, and sell the Property.

(7) If the Owner sells the Property for less than Fair Market Value, and such sale closes within the Guaranty Term, Permit Holder shall pay the Owner the difference between the selling price and the Fair Market Value, less the realtor’s commission that would have been payable on that difference, subject to the limitations below. Such payment remains due even if Permit

Holder exercises its Right of First Refusal. Permit Holder shall make such payment within thirty (30) days of the closing of the sale of the Property to a third-party, or at the closing of the sale if Permit Holder is the purchaser.

(8) Notwithstanding anything herein to the contrary, the amount due from Permit Holder under the preceding paragraph shall not exceed an amount equal to twenty percent (20%) of the portion of the Fair Market Value attributable to the improvements on the Property as disclosed in the applicable tax records.

(9) This guaranty shall apply only once for any Property identified in Attachment 1, and shall only be available only to the Owner of such Property identified in Attachment 1.

(10) A Property does not qualify for this guaranty in the event the Owner wishes to sell or otherwise convey the Property by a transaction which is not considered an arm's-length transaction (such as a sale to a relative).

(11) This guaranty shall not apply to any Owner that enters into a mineral lease or purchase and sale agreement with any sand mining company for any property owned by Owner in Chippewa County, or if sand mining permitting or activities is pursued with respect to the Property.

(12) This guaranty shall not apply to any Property that is subdivided after the issuance of the permit to Permit Holder.

EXHIBIT 1
TO PROPERTY VALUE PROTECTION PLAN

Owner	Property Identification Number	Property Description*	Property Acreage*
Rosemary Gehring	23010-0314-50090000	GOVT LOT 9 (SE NE)	38.7
Jeff & Cindy Michaelis	23010-0344-70784002	E 1/2 SE LOT 2 OF CERT SUR MAP #784 IN V2 P357 DOC #475900	4.1
Chad D & Barbara J Arendt	23010-0344-70784001	E 1/2 SE LOT 1 OF CERT SUR MAP #784 IN V2 P357 DOC #475900 L-SHAPE PCL	7.7

*Per Chippewa County tax records