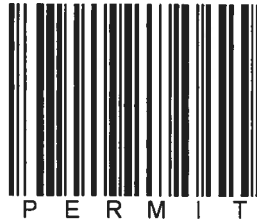


Permit Documents



STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



John W. Hickenlooper
Governor
John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

September 10, 2013

Mr. Richard Fretterd
1065 Woodland Ave #16
Woodland Park, CO 80863

RE: Ace in the Hole Claim (Permit M-2013-056), located in S12, T12S, R71W
Permit Application, Adequacy Review

Dear Mr. Fretterd:

The Division of Reclamation, Mining and Safety (Division) has completed its adequacy review of the above referenced permit application. The application was received on August 27, 2013 and was called complete on September 3, 2013. All comment and review periods began on September 3, 2013. The decision date for this application is October 3, 2013. **Please be advised that if you are unable to satisfactorily address any concerns identified in this review before the decision date, the Division will deny this application.**

The review consisted of comparing the application content with specific requirements of Rules 1.4.4, 6.1, 6.2, 6.3, and 6.5 of the Minerals Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal, and Designated Mining Operations. The application was substantially adequate, however, as with most applications there are a few items that will require the submittal of additional information or clarification of the existing information. Inadequacies are identified under the respective exhibit heading along with suggested corrective actions to correct them.

Application Form

1. As required by Rule 1.6.2(1)(g), please provide proof that the public notice required by 1.6.3 was published.
2. As required by Rule 1.6.2(1)(g), please provide the proof that the notices required by 1.6.2(1)(e)(i) and (ii) were sent to the Owners of Record. This requirement would be satisfied by submitting copies of certified mail receipts or proof of personal service (Rule 1.4.1(4)).
3. If mining activities will be conducted each year, but mining will be conducted for *less than* 180 days in each year, the permit application must contain a statement that the operation is an intermittent operation in order to avoid a temporary cessation notice (C.R.S. 34-32-103(6)(a)(II)). Please provide the following statement if applicable: ***"Mining activities will occur for less than 180 days per year on affected land"***.

6.3.1 Exhibit A – Legal Description and Location Map

4. Per Rule 6.3.1(3) please include the surface owners of record for the public lands south of the claim.

6.3.2 Exhibit B – Site Description

5. Please provide a description of the vegetation and soil characteristics per Rule 6.3.2(a). This information can be found at the Natural Resources Conservation Service (<http://soils.usda.gov/>).

10. In your mining plan (Exhibit C), you have stated 4-5 ares of hand digging are expected. Three of these areas are shown on your map. Please clarify where the other areas will be located.
11. Please include all man-made structures within 200 feet of the site, including the fence on the south side of the claim.
12. Include the names of owners of record for the private land south of the site and the fence along the southern edge of the site (Rules 6.3.5(2)(b) and (e)).

6.3.6 Exhibit F – Other Permits and Licenses Required

13. Please provide a statement that ALL appropriate entities that may have requirements prior to permitting have been addressed, and that Teller County has been contacted regarding this permit application.

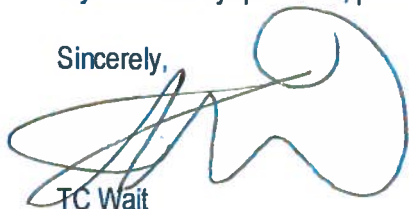
6.3.12 Exhibit L – Permanent Man-Made Structures

14. Please provide stability statements per Rule 6.3.12 for FS 201 and the fence line on the south side of the site if they are within 200 feet of any affected land.

This concludes the Division's preliminary adequacy review of this application. Please remember that the decision deadline for this application is October 3, 2013. As previously mentioned, if you are unable to provide satisfactory responses to any inadequacies prior to this date, **it will be your responsibility to request an extension of time to allow for continued review of this application**. If there are still unresolved issues when the decision date arrives and no extension has been requested, the application will be denied.

If you have any questions, please contact me at (303) 866-3567.

Sincerely,

A handwritten signature in blue ink, appearing to read 'TC Wait', with a large, stylized loop at the end.

TC Wait
Environmental Protection Specialist

cc: Tom Kaldenbach, DRMS

COST SUMMARY WORK

Task description: Pre-Operation Cost Estimate (2013)

Site: Ace in the Hole- CMC284074

Permit Action: Pre-Op

Permit/Job#: M2013056

PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 9/10/2013

County: Teller

Filename: M056-001

User: TCW

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
002	Fill in holes to final grade (~1 acre total)	DOZER	1	11.76	\$891.69
003	Mob/Demob (1 dozer)	MOBILIZE	1	2.20	\$710.77
004	Reveg. ~2 acres (broadcast seeding)	REVEGE	1	4.00	\$1,099.56
<u>SUBTOTALS:</u>				17.96	\$2,702.02

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 0.00%

Total = \$0.00

Performance bond: 0.00%

Total = \$0.00

Job superintendent: 11.57 hrs

Total = \$756.79

Profit: 10.00%

Total = \$270.20

TOTAL O & P = \$1,026.99

CONTRACT AMOUNT (direct + O & P) = \$3,729.01

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00

Total = 0.00

Engineering work and/or contract/bid preparation: 0.00%

Total = \$0.00

Reclamation management and/or administration: 5.00%

\$186.45

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$1,213.44

TOTAL BOND AMOUNT (direct + indirect) = \$3,915.46

BULLDOZER WORKTask description: Fill in holes to final grade (~1 acre total)Site: Ace in the Hole- CMC284074Permit Action: Pre-OpPermit/Job#: M2013056**PROJECT IDENTIFICATION**Task #: 002State: ColoradoAbbreviation: NoneDate: 9/10/2013County: TellerFilename: M056-002User: TCWAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D3K XL - 3PHorsepower: 74Blade Type: Power Angle TiltAttachment: NAShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$11.21	NA
Operating Cost/Hour:	\$27.17	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$37.41	NA

Total unit Cost/Hour: \$75.79Total Fleet Cost/Hour: \$75.79**MATERIAL QUANTITIES**Initial Volume: 1,210Swell factor: 1.000Loose volume: 1,210 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 50 feetUnadjusted hourly production: 169.6 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: 0 %Average site altitude: 9,000 feetMaterial weight: 2,550 lbs/LCYWeight description: Gravel - Dry**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mob/Demob (1 dozer)**Site: **Ace in the Hole- CMC284074**Permit Action: **Pre-Op**Permit/Job#: **M2013056****PROJECT IDENTIFICATION**Task #: **003**State: **Colorado**Abbreviation: **None**Date: **9/10/2013**County: **Teller**Filename: **M056-003**User: **TCW**Agency or organization name: **DRMS****EQUIPMENT TRANSPORT RIG COST**Shift basis: **1 per day**Cost Data Source: **CRG Data**Truck Tractor Description: **GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)**Truck Trailer Description: **GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER
(25T, 50T, AND 100T)****Cost Breakdown:**

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Cat D3K XL - 3P	9.22	\$11.21	\$88.67	1	\$99.88	\$88.67	\$250.00
Subtotals:					\$99.88	\$88.67	\$250.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Subtotals:			\$0.00	\$0.00

REVEGETATION WORKTask description: Reveg. ~2 acres (broadcast seeding)Site: Ace in the Hole- CMC284074Permit Action: Pre-OpPermit/Job#: M2013056**PROJECT IDENTIFICATION**Task #: 004State: ColoradoAbbreviation: NoneDate: 9/10/2013County: TellerFilename: M056-004User: TCWAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
	\$
Total Tilling Cost/Acre	\$0.00

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Alpine Fescue	1.50	44.77	\$24.83
Blue Grama - Hachita	1.00	16.32	\$10.65
Alkali Sacaton	1.00	39.03	\$22.81
Meadow Brome - Regar	2.00	1.84	\$6.00
Ryegrass, Perennial - Linn	1.00	5.67	\$1.38
Slender Wheatgrass - Native	2.30	8.40	\$5.18
Prairie Junegrass	1.00	53.15	\$34.40
Totals Seed Mix	9.80	169.17	\$105.24