

# 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



April 2, 2014

Scott W. Calhoon  
Winding Stair Resources, LLC  
210 Park Avenue, Suite 2820  
Oklahoma City, OK 73102

John W. Hickenlooper  
Governor

Mike King  
Executive Director

Loretta E. Piñeda  
Director

Re: Sag-Cal Project, Notice of Intent (NOI) No. P-2014-004, Technical Review

Dear Mr. Calhoon,

The Division of Reclamation, Mining and Safety (Division) has reviewed your Notice of Intent to Conduct Prospecting Operations (NOI), as named above, to determine whether it contains any deficiencies that need responses. Overall the NOI is well-prepared. Several items have been noted that require your responses, some of which will include confirmation from the Bureau of Land Management (BLM) that your plan complies with their requirements.

Please address each of the following items:

1. The plan involves drilling four drill holes, from four drill pads. No new roads are planned; the four sites will be accessed by existing unimproved dirt roads and by overland travel where feasible. The NOI includes Map 1A which shows the four proposed drill sites in relation to the existing roads. None of the four sites appear to be on or adjacent to an existing road, implying that overland travel will be needed for each site. Please provide a map which depicts in more detail the proposed routes to the four sites, and please confirm that the BLM will allow this type of access.
2. Please confirm whether any earthen fills or culverts will be needed (even temporarily) to make your access routes passable. Please confirm whether this is in compliance with the BLM.
3. The plan involves constructing four drill pads, each of which will be on gently sloping ground. You state that topsoil will be stripped prior to drilling, and stored on the lower edge of the sites. We assume that this storage location may facilitate the control of sediment in stormwater runoff, but it is quite possible that the available topsoil may be too sparse to create such a berm. We do want you to save all available topsoil for later use in reclamation, but suggest that employing a silt fence or straw wattle along the lower edge of your disturbed areas will accomplish the sediment control task in a better manner. Please commit to this.
4. The amount of area to be disturbed is stated in the NOI to be 1.20 acres total. Since the four drill pads combined constitute only 0.44 acres, please explain what the remainder of the disturbance will be.

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5. The notice you sent to the BLM office described amounts of surface disturbance that differ from those figures in the NOI. Please explain the differences in acreage.
6. The NOI stated that certain drilling fluids and hydrocarbons would be used onsite during the operation. Please confirm that all such fluids that are stored onsite will be provided with some type of impermeable secondary containment. Examples of this include double-walled tanks, drums within a plastic membrane, tank placed above plastic or metal stock tank, etc. Fluids that are stored on a vehicle and removed the site each day do not require this secondary level of containment.
7. The site description indicates that present vegetation includes rangeland grasses, trees and woody brush typical of this type of setting. Please state whether you will be avoiding disturbance to the existing trees and shrubs. If woody vegetation must be disturbed, please describe how you will handle the slash and debris during reclamation.
8. You are probably aware that disturbed sites usually allow prompt invasion by weedy species. Please commit to frequent monitoring of your project areas for weeds (especially state-listed noxious weeds) with prompt treatment as needed. This requirement will continue until the sites are fully reclaimed and the project is released from further reclamation liability. (You should try to obtain weed seed-free revegetation seed mix, if possible.)
9. The Division acknowledges that the plan states that only one drill hole will be open at a time. This is a key detail to minimize the bond amount. Regarding the proposed drill hole closure details (backfill cuttings, plug with polyurethane foam or cement, and cap with topsoil) they are adequate and sufficient as long as no aquifers are encountered in the drill holes. This office agrees with your preliminary estimate that no water will be encountered in the drill holes (and will set the bond amount for closure accordingly). Please confirm that you are aware, however, that if groundwater is found, different closure methods will be required.
10. Enclosed for your use is a copy of the form that is required to document the closure of each drill hole, "Mineral Prospecting Drill Hole Permanent Abandonment Final Report." Multiple copies may be made, for you or your driller to fill out and submit after each closure has been completed. (This form is also available on our website.)
11. The Division feels that the seed mix proposed appears appropriate for reclaiming this site, and the rates are fine for broadcasting. Please confirm whether the BLM approves the seed mix species and application rates.
12. Page 7 of the NOI packet mentions fertilizer, but provides no further details. Please state what formulation of fertilizer is being proposed, and what application rate. Please confirm whether the BLM approves of the use of fertilizer, and if so, at what application rate.

The questions above are intended to ensure that your proposed plan is in compliance with the BLM's requirements (and so that both agencies are ideally reviewing the same plan), and to elicit sufficient details to allow this office to closely estimate the bond amount. Your complete responses to the questions

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above are appreciated. After receiving sufficient information from you, a reclamation bond estimate will be prepared and mailed to you.

The Division acknowledges its receipt and acceptance of a \$2,000 prospecting reclamation bond, submitted by you with your NOI packet. If additional bond amount is indicated in the estimate we mail to you, you will have 60 days after our notice to provide it.

If you have any questions, please feel free to contact me by telephone: 303-866-3567 ext. 8175, or 970-247-5193; or by email: [bob.oswald@state.co.us](mailto:bob.oswald@state.co.us).

All written responses should be submitted in duplicate to the Division's Denver office (see address in letterhead, above). If any of your responses are to be considered confidential, please mark your response document(s) appropriately. Otherwise, the Division will file your responses in the publicly-accessible file.

Please provide your written responses within the next 60 days, or the NOI file may be terminated. If additional time is needed, please contact me and an extension can be discussed.

I will be contacting BLM regarding a site inspection in the coming weeks.

I look forward to reviewing your responses.

Sincerely,



Bob Oswald  
Environmental Protection Specialist

EC: Russ Means, DRMS Grand Junction  
Andrew Archuleta, BLM Saguache