



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

August 1, 2014

Lorin Fullmer
V.M.C. Mining Company
820 Tomichi Ave.
Gunnison, CO 81230

Re: Notice on Intent to Conduct Prospecting Application, Vulcan Exploration Project, File No. P-2014-010, Technical Adequacy Review

Dear Mr. Fullmer,

The Division has reviewed the NOI named above and has identified a few questions that must be addressed before it can consider approving the NOI. Some of these questions are related to the Division's upcoming estimate of the reclamation costs. Please respond to each item below.

1. The form states that there will be no mudpits constructed at the drill sites, but the plan states that there will be containment troughs for the cuttings. Are the troughs excavated into the surface of the drill pad or are they portable above-ground structures that will be removed after drilling is finished?
2. Will there be any earthwork associated with preparing each 50-ft x 50-ft drill pad? Or will pad locations be chosen that are level and smooth enough to use without earthwork?
3. The plan states that drill locations are pre-disturbed, and aerial imagery indicates that existing disturbance includes unimproved dirt roads and pre-law mine dumps (or tails). The seed mix included with the application looks appropriate for the site, but it is not clear whether all disturbed areas will be reseeded, especially the roads or waste dumps. Please clarify.
4. Up to nine holes will be drilled. Please state whether they will each be closed before the next one is drilled, or how many will be open at any one time.
5. The NOI states that the drill holes are expected to be dry (i.e., no aquifers and no artesian flow) and, if so, closure will consist of backfilling with cuttings and cement plugging. The Division agrees with this assessment of the groundwater, since the drill target is a chimney-type deposit that was formerly mined. Please be reminded that all mineralized drill cuttings must be removed from the drill pad surface. (No response to this item is necessary.)



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The responses to the questions in this letter will enable the Division to assess the technical adequacy of the NOI and to more closely estimate the reclamation costs. If you have not already done so, you could review the forms for the different types of bonds accepted by the Division. They are available on the Division's website: <http://mining.state.co.us>.

Please provide two sets of all response materials to the Division, by mailing them to the main office in Denver (see address in letterhead).

If you have any questions, please contact me by telephone: 303-866-3567 ext. 8175, or 970-247-5193; or by email: bob.oswald@state.co.us.

I will contact you soon to discuss an onsite inspection.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Oswald". The signature is fluid and cursive, with the first name "Bob" being more prominent than the last name "Oswald".

Bob Oswald
Environmental Protection Specialist

Ec: Russ Means, DRMS Grand Junction
Ken Schaaf, ITC Resources, LLC