



## COLORADO

Division of Reclamation,  
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215  
Denver, CO 80203

October 16, 2014

Bob Gydesen  
Dunraven Mining LLC  
502 S. Wisconsin St.  
Gunnison, CO 81230

Re: Upper Gold Links Portal Project, File No. P-2014-018, Technical Review and  
Reclamation Cost Estimate

Dear Mr. Gydesen,

The Division has reviewed the NOI and has identified a few items to be clarified or confirmed before the NOI can be considered for approval.

The Division's September 16, 2014 letter to you noted that the \$2,000.00 check that was provided with the NOI was not accompanied by a financial warranty form. If this form has not yet been submitted, it is still a deficiency that must be corrected. The form that is required is on our website (<http://mining.state.co.us>) and is called "One Site Prospecting Financial Warranty Check for Deposit in State Treasury" PDF form. Please also ensure that you submit the "Affidavit of Authority" PDF form. These should be submitted to Barbara Coria in our Denver office.

The underground workings of this project do not connect to the workings of the Gold Links Mine (Permit M-1987-143) and your prospecting activities will not have a direct or immediate connection to that permitted mine. If this interpretation is in error please provide more information.

[Note: If you wish to use this upper portal site in support of the permitted Gold Links Mine in the future, the portal area to be affected must be added to the permit through an amendment. Alternatively, if you decide you wish to mine here, as an operation separate from the Gold Links Mine, this site may be separately permitted.]

The proposed plan of re-opening this old collapsed portal only for purposes of sampling underground is presented clearly. The site is dry, and there is no discharge from the workings. No drilling is proposed in the plan. It is understood that the 0.8-acre site has been disturbed by pre-law mining activity. There is no available topsoil to salvage, and the Division will not



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require a revegetation task in the reclamation plan. Your plan is to muck out the caved material, presumably by excavating back to competent ground, and install a lockable steel door. The door will be permanent, per the landowner's wishes, and it will provide the secure, long-term closure that is required for this portal after termination of your project. If this interpretation is in error please provide more information.

If no further information is provided by you, the proposed plan for prospecting and reclamation will be approved as they exist. Responses must be received within 30 days of this letter.

The Division has estimated the reclamation costs for this project, based on your plan, with figures representing the point of maximum disturbance. This consists of the portal being mucked out and ready for the steel door to be installed. This scenario assumes that there will be a small amount of debris to remove and dispose of, some earthen material (muck) to grade out onsite, as well as some grading to contour the slopes around the portal to 2.5:1. A D6 dozer, welding truck, and flatbed truck have been mobilized from Gunnison. Please see the enclosed reclamation cost packet.

The total reclamation cost for this project has been estimated to be \$5,957.54. Since you have already provided \$2,000.00, an additional amount of \$3,957.54 must be provided also, accompanied by the correct forms. If you do not agree with these figures, please respond within 30 days of this letter. Unless sufficient information is provided by you to allow the Division to revise this figure, this will be the required bond amount.

All written responses, including the additional financial warranty check and forms, must be mailed to our Denver office (see address at the bottom of page one).

**Please be reminded that the financial warranty is insufficient, and until it is sufficient and accepted by the Division, the NOI is not approved and no prospecting activity may occur.**

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](mailto:bob.oswald@state.co.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Oswald", with a stylized flourish at the end.

Bob Oswald  
Environmental Protection Specialist

Bob Gydesen/P-2014-018

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Encl: Reclamation cost packet (10/16/14)

EC(w/o encl): Russ Means, DRMS Grand Junction  
Barbara Coria, DRMS Denver

(c:\14-10 docs\P2014018 Adeq & estd FW/rco)

## COST SUMMARY WORK

Task description: Cost summary

Site: Upper Gold Links Portal

Permit Action: New NOI

Permit/Job#: P2014018

### PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 10/16/2014

County: Gunnison

Filename: P018-000

User: RCO

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Remove misc debris from reopening old portal	DEMOLISH	1	4.00	\$392.62
002	Install permanent steel portal door	MINESEAL	1	4.00	\$2,752.63
003	Contour grading at portal and pad area	DOZER	1	4.90	\$703.00
004	Haul reclamation equipment to and from site	MOBILIZE	1	5.20	\$1,169.00
<b><u>SUBTOTALS:</u></b>				<b>18.1</b>	<b>\$5,018</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$101.36

Performance bond: 1.05%

Total = \$52.69

Job superintendent: 0.00 hrs

Total = \$0.00

Profit: 10.00%

Total = \$501.80

TOTAL O & P = \$655.85

CONTRACT AMOUNT (direct + O & P) = \$5,673.85

#### 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%

\$283.69

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$939.54

**TOTAL BOND AMOUNT (direct + indirect) = \$5,957.54**

Note: Operator has already provided a \$2000.00 financial warranty in the form of a check for deposit. The financial warranty processing cost shown on this form (\$0.00) assumes that remainder of financial warranty will also be provided in the form of a check for deposit.

## DEMOLITION WORK

Task description: Remove misc debris from reopening old portal

Site: Upper Gold Links Portal

Permit Action: New NOI

Permit/Job#: P2014018

### PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 10/16/2014

County: Gunnison

Filename: P018-001

User: RCO

Agency or organization name: DRMS

### UNIT COSTS

Location adjustment: 92.10 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Load debris for removal	5 cy	Loading and 2 mile haul, no salvage - Machine loading	5.00	CY	\$17.05	\$85.25
Haul debris to landfill	5 cy	Hauling only, per mile, 12-18 CY truck - 30 mph average speed	50.00	MI	\$0.52	\$26.05
Dump fee	5 cy	Dump fees - Rubbish only	5.00	CY	\$63.00	\$315.00

Job Hours: 4.00

Subtotal  
(unadjusted): \$426.30

Total Cost  
(adjusted for location): \$392.62

Note: Task is included due to re-disturbance of pre-law site, which potentially will contain or generate debris.

## SAFEGUARDING UNDERGROUND OPENINGS

Task description: Install permanent steel portal door

Site: Upper Gold Links Portal

Permit Action: New NOI

Permit/Job#: P2014018

### PROJECT IDENTIFICATION

Task #: 002

State: Colorado

Abbreviation: None

Date: 10/16/2014

County: Gunnison

Filename: P018-002

User: RCO

Agency or organization name: DRMS

### UNIT COSTS

Opening Description	Dimensions	Closure Method	Quantity	Unit	Unit Cost	Total Cost
Steel portal door	6x6 (approx)	Adit closure - grated door (per opening)	1.00	EA	\$2,752.63	\$2,752.63

Job Hours: 4.00

Total Cost: \$2,752.63

Note: Reclamation plan specifies this type closure, in lieu of other types. Cost assumes that portal has been re-opened but door still needs to be installed.

**BULLDOZER WORK**Task description: Contour grading at portal and pad areaSite: Upper Gold Links PortalPermit Action: New NOIPermit/Job#: P2014018**PROJECT IDENTIFICATION**Task #: 003State: ColoradoAbbreviation: NoneDate: 10/16/2014County: GunnisonFilename: P018-003User: RCOAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D6T LGPHorsepower: 200Blade Type: StraightAttachment: 3-shank ripperShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	<u>\$38.47</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$67.16</u>	<u>100</u>
Ripper op. Cost/Hour:	<u>\$0.00</u>	<u>10</u>
Operator Cost/Hour:	<u>\$38.01</u>	<u>NA</u>

Total unit Cost/Hour: 0Total Fleet Cost/Hour: \$143.63**MATERIAL QUANTITIES**Initial Volume: 400Swell factor: 1.330Loose volume: 532 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 50 feetUnadjusted hourly production: 444.6 LCY/hrMaterials consistency description: Compacted fill or embankment 0.9Average push gradient: 10 %Average site altitude: 9,900 feetMaterial weight: 2,900 lbs/LCYWeight description: Decomposed rock - 50% Rock, 50% Earth**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	<u>0.750</u>	<u>(AVG.)</u>
Material consistency:	<u>0.900</u>	<u>(CAT HB))</u>
Dozing method:	<u>1.000</u>	<u>(GEN.)</u>
Visibility:	<u>1.000</u>	<u>(AVG.)</u>
Job efficiency:	<u>0.830</u>	<u>(1 SHIFT/DAY)</u>

Spoil pile:	0.700	(FND-MF)
Push gradient:	0.786	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.793	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.2444

Adjusted unit production: 108.66 LCY/hr  
 Adjusted fleet production: 108.66 LCY/hr

### **JOB TIME AND COST**

Fleet size: 1 Dozer(s)  
 Unit cost: \$1.322/LCY  
  
 Total job time: 4.90 Hours  
 Total job cost: \$703

Note: Task includes moving maximum of 300 cubic yards (500 tons) of material mucked out of portal area. Since portal closure will be a steel door, the muck will not be backfilled but must be graded out elsewhere onsite. Another 100 cubic yards is included for contouring the slopes to 2.5:1 gradient around the portal area.



**EQUIPMENT MOBILIZATION/DEMOBILIZATION**Task description: Haul reclamation equipment to and from siteSite: Upper Gold Links PortalPermit Action: New NOIPermit/Job#: P2014018**PROJECT IDENTIFICATION**Task #: 004State: ColoradoAbbreviation: NoneDate: 10/16/2014County: GunnisonFilename: P018-004User: RCOAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per dayCost Data Source: CRG DataTruck 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:**

<b>Available Rig Capacities</b>	<b>0-25 Tons</b>	<b>26-50 Tons</b>	<b>51+ Tons</b>
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 D6T LGP	28.63	\$0.00	\$117.55	1	\$117.55	\$117.55	\$250.00
Subtotals:					<b>\$117.55</b>	<b>\$117.55</b>	<b>\$250.00</b>

**ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Flatbed Truck, 4x2, 15K GVW	\$36.34	1	\$36.34	\$36.34
Subtotals:			<b>\$36.34</b>	<b>\$36.34</b>

**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	<u>GUNNISON</u>	
Total one-way travel distance:	<u>28.00</u>	miles
Average Travel Speed:	<u>35.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$1,111.26</u>
* two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$58.14</u>
** one round trip, no haul rig:	

**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>0.80</u>	<u>0.80</u>
Return Time (Hours):	<u>0.80</u>	<u>0.80</u>
Loading Time (Hours):	<u>0.50</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.50</u>	<u>NA</u>
Subtotals:	<u>2.60</u>	<u>1.60</u>

**JOB TIME AND COST**

Total job time:	<u>5.20</u>	Hours
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Total job cost:	<u>\$1,169</u>
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