



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

January 13, 2016

Memorandum

To: Mined Land Reclamation Board

From: DRMS Staff

Re: **Consideration for possible violation for failure to post additional financial warranty within Sixty (60) days of notice of increase. Toltec No. 2, Permit Number: M-1984-039**

Dear Board Members,

Division staff will be presenting a possible violation for failure to post additional financial warranty within Sixty (6) days of notice. Please see the attached documents in chronological order for your reference in this matter:

| | |
|--|------------|
| Inspection Report | 10/12/2012 |
| Annual Report | 5/17/2013 |
| 2014 Annual Report | 4/29/2014 |
| Inspection Report and Notice of Surety Increase | 10/28/2014 |
| 2015 Annual Report (duplicate of 2014 annual report) | 5/4/2015 |
| Inspection Report and Notice of Surety Increase | 10/6/2015 |
| Memo to File | 10/2/2015 |
| Response to Inquiry | 10/13/2015 |
| Certified Mail Receipt | 10/16/2015 |
| Correspondence from Operator (classified as objection) | 12/02/2015 |
| Reason to Believe (RTB) Notice | 12/10/2015 |
| Certified Mail Receipt | 12/29/2015 |

Sincerely,

DRMS Staff

Cc: Wilbur F. Benham, Operator, Permit Holder, M-1984-039
Jeff Fugate, DRMS AGO Consul





COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY MINERALS PROGRAM INSPECTION REPORT

PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

| | | | |
|--------------------------------|---------------------------------------|---|----------------------|
| MINE NAME: Toltec No 2 | MINE/PROSPECTING ID#: M-1984-039 | MINERAL: Silver, gold, copper, | COUNTY: San Juan |
| INSPECTION TYPE: Monitoring | INSPECTOR(S): Wallace H. Erickson | INSP. DATE: September 25, 2012 | INSP. TIME: 09:30 |
| OPERATOR: Wilbur F Benham | OPERATOR REPRESENTATIVE: Jim Lokey | TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact | |

| | | |
|--|--|-------------------------------------|
| REASON FOR INSPECTION: Other Agency Request | BOND CALCULATION TYPE: Partial Bond | BOND AMOUNT: \$2,500.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: MSHA, ATF | JOINT INSP. AGENCY: None |
| WEATHER: Snowing | INSPECTOR'S SIGNATURE: <i>Wallace H. Erickson</i> | SIGNATURE DATE: October 12, 2012 |

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

| | | |
|---|---|-----------------------------------|
| (AR) RECORDS----- <u>N</u> | (FN) FINANCIAL WARRANTY----- <u>N</u> | (RD) ROADS----- <u>Y</u> |
| (HB) HYDROLOGIC BALANCE----- <u>Y</u> | (BG) BACKFILL & GRADING----- <u>Y</u> | (EX) EXPLOSIVES----- <u>Y</u> |
| (PW) PROCESSING WASTE/TAILING----- <u>N</u> | (SF) PROCESSING FACILITIES----- <u>NA</u> | (TS) TOPSOIL----- <u>N</u> |
| (MP) GENL MINE PLAN COMPLIANCE- <u>N</u> | (FW) FISH & WILDLIFE----- <u>Y</u> | (RV) REVEGETATION----- <u>N</u> |
| (SM) SIGNS AND MARKERS----- <u>N</u> | (SP) STORM WATER MGT PLAN----- <u>N</u> | (SB) COMPLETE INSP----- <u>N</u> |
| (ES) OVERBURDEN/DEV. WASTE----- <u>Y</u> | (SC) EROSION/SEDIMENTATION----- <u>Y</u> | (RS) RECL PLAN/COMP----- <u>N</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>Y</u> | (OD) OFF-SITE DAMAGE----- <u>N</u> | (ST) STIPULATIONS----- <u>NA</u> |

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This inspection occurred as part of the Colorado Division of Reclamation, Mining and Safety (DRMS) monitoring program of permitted operations and in response to a referral from Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), addressed to Mine Safety and Health Administration (MSHA), which MSHA had forwarded to DRMS on September 18, 2012. The Toltec No. 2 permit is approved for 8 acres affected lands for the extraction of precious metals ore from the Toltec, Toltec 1, Toltec 2 and Toltec 3 mine claims. The claims are located approximately 9 miles northeast of Silverton, along a northeast ridgeline of Eureka Mountain. The ridgeline defines portions of the southern watershed boundary of Picayne Gulch. The claim blocks commence with the Toltec, located at approximately 12,400 feet elevation, and trend northeast for approximately 1.25 miles to the north point of the Toltec 3, located at approximately 11,200 feet elevation. This report is accompanied by copy of the referral from ATF and 8 photos.

On September 20, 2012, the Division contacted Wilber Benham, (785) 874-8080, to schedule the inspection. Mr. Benham declined to participate for health/medical reasons and encouraged DRMS to contact his local representative, Jim Lokey at (970) 387-5512. Mr. Lokey was contacted at the Red Mountain Motel, Cabins, RV Park, and Jeep Rentals, in Silverton. Mr. Lokey accompanied DRMS throughout the inspection.

According to Mr. Lokey, ATF had recently inspected the site. The explosives magazines of interest to ATF were located in the Toltec Tunnel, a historic mine located on the Hobo claim, owned or controlled by the proprietor of K & C Traders, also located in Silverton. Mr. Lokey indicated the explosives magazines were empty, had been for years, and were locked. Mr. Lokey indicated he did not have keys for the magazines and suggested the proprietor of K & C Traders might. Mr. Benham had not previously identified the proprietor of K & C Traders as his local representative and DRMS did not attempt to contact K & C Traders during the inspection. The Toltec Tunnel was located immediately west County Road 2, nearby the confluence of Picayne Gulch with the Animas River, approximately 0.3 miles northeast of the DRMS permit area, and at approximately 10,640 feet elevation. The Toltec Tunnel is a pre-law mine, abandoned prior to the Colorado Mined Land Reclamation Act, and not addressed by the DRMS permit for the Toltec No. 2, M-1984-039.

As shown in photo 1, vehicular access to the Toltec Tunnel was controlled by pipe and cable barrier across the entrance road. The cable was locked. As shown in photo 5, the portal was open and not safeguarded against unauthorized entry. Mr. Lokey indicated a security closure was being fabricated and should be available soon for installation. Mine drainage was trickling from the portal; flow was visually estimated at several gallons per minute, which appeared to seep into the bench surface at the portal. Inside the portal mine drainage was several inches deep. An explosives magazine was located approximately 10 feet inside the portal. The magazine was set on a wooden pallet and was not in direct contact with mine drainage. The magazine was locked and Mr. Lokey did not have a key; contents could not be verified by DRMS. A second magazine was located approximately 30 feet in from the portal, at a T-intersection of the underground workings, see photo 7. The second magazine was set on mine timbers and was not in direct contact with mine drainage. The second magazine was locked and Mr. Lokey did not have a key; contents could not be verified by DRMS. Evidence of recent mining activity was not observed; the site appeared to have been dormant for decades, with the exception of placement and/or movement of the magazines.

The day after the inspection, on September 26, 2012, DRMS contacted Keith McFarland at (970) 387-5123. Mr. McFarland verified he and his wife, Connie, were the proprietors of K & C Traders and he controlled the mineral rights for the Hobo claim. Mr. McFarland indicated he had keys for the magazines located within the Toltec Tunnel, he was licensed for explosives, and the magazines contained no explosives. Mr. McFarland also provided the number for his cell phone (970) 759-5992 for future contacts. Subsequently, DRMS contacted Mr. Benham at (785) 874-8080, and inquired about the location of the keys for the magazines. DRMS inquired specifically whether the keys were held by the proprietor of K & C Traders, Keith McFarland. Mr. Benham indicated he did not know Keith McFarland and thought his keys were with Jim Lokey.

Inspection Topics Not Related to the ATF Referral

Due to an accelerating rate of snowfall occurring during the inspection, DRMS and Mr. Lokey did not attempt to gain higher elevation than an exploratory excavation located at the lower end of the Toltec 2 claim, shown in photo 8. Affected lands for the Toltec, Toltec 1 and Toltec 3 claims were not inspected. DRMS will schedule a follow-up inspection for July 2013, after snow melt, when all affected lands can be inspected and compliance with permit conditions and the Act and Rules can be more fully determined. At that time DRMS will also review the current cost of reclamation and will require additional financial warranty, if necessary, to ensure successful completion of reclamation. The Operator is encouraged to ensure a mine identification sign is posted for M-1984-039, and all boundary markers are posted for the 8-acres area of the DRMS permit, in accordance with the requirements of Rule 3.1.12. During this September 25, 2012 inspection, DRMS did not observe any mine identification sign or permit boundary markers, but they could have been obscured by inclement weather and/or overlooked due to the hurried nature of the inspection resulting from the accelerating rate of snowfall.

Inspection Contact Address

Wilbur F Benham
1012 Kennedy Dr., Apt. A
Norton, KS 67654

Enclosure: Referral No. 2012-0072 from ATF, addressed to MSHA, and forwarded to DRMS, 2 pages
8 photos taken on September 25, 2012

cc w/enclosure: Rebecca Solis, ATF
Melvin Lapin, MSHA
Jim Lokey, Red Mountain Motel, Cabins, RV Park, and Jeep Rentals
Keith McFarland, K & C Traders

ec w/enclosure: Rebecca Solis, ATF
Melvin Lapin, MSHA
Bill York-Feirn, DRMS Denver
Bruce Stover, DRMS Denver
Tony Waldron, DRMS Denver
Russ Means, DRMS GJFO

Referral of Information

PART I - REFERRAL

1. TO: (Title, agency and address)

Richard LAUFENBERG
District Manager
MSHA Rocky Mountain District
P.O. Box 25367, DFC
Denver, CO 802250367

REFERRAL NO. (Optional)

2012-0072

2a. DATE 09/12/2012

2b. UI

788020-2012-0438

The following information and attachment (Check applicable box) ☐ are sent to you as requested, ☒ are referred to you for consideration as potential criminal or civil violations coming under your jurisdiction.

COMPLETE FOR REFERRALS OR REQUESTS OUTSIDE ATF - This Referral (Check applicable box) ☐ DOES ☒ DOES NOT contain confidential returns or return information under 28 U.S.C. 6103.

COMPLETE IF APPLICABLE: This is a confirmation of a referral made (Check applicable box) ☐ by telephone ☐ in person on

3. NAME(S) OF PRINCIPALS INVOLVED IN POSSIBLE VIOLATION

Toltec Mining
Wilbur F. Benham

4. STATUTE(S) POSSIBLY VIOLATED

5. FEDERAL LICENSES AND/OR PERMITS HELD (Type and number)

5-CO-33-00661 user of high explosives

6. ATF OFFICER UNCOVERING POTENTIAL VIOLATION

Wadene DUFFY

7. POST OF DUTY

Denver III Field Office

8. SUMMARY OF SIGNIFICANT FACTS AND/OR EXPLANATION OR DESCRIPTION OF ATTACHMENT (Continue on a separate sheet, if necessary.)

Wilbur F. BENHAM, owner of TOLTEC MINING, County Rd 99, Silverton, CO 81433, has two explosives magazines which are stored underground in the Toltec Tunnel. According to Mr. BENHAM, there are no explosives in the magazines at this time, nor has there been any inventory in several years.

The mine site is located approximately 7.5 miles west of Silverton, CO and is only operated from July through October, weather permitting. There is no restricted access to the tunnel or the magazines.

Referrals to MSHA to inspect the magazines have been sent by ATF in October 2009, March 2007 and August 2006; however, there are no records in the ATF Area Office file verifying that any inspections have been conducted by MSHA.

Wilbur BENHAM resides in Norton, KS, has health issues, and states it is too difficult for him to travel to the mine site in Silverton, CO. BENHAM can be reached at (785) 874-8080. Jimmie LOKEY, a friend of Wilbur BENHAM and a resident in Silverton, CO, has keys and can access the Toltec, Toltec 1, Toltec 2 and Toltec tunnel. LOKEY owns Toltec 3. LOKEY can be reached at (970) 387-5512.

Photos and map information are attached to this referral.

9. ATF OFFICIAL APPROVING REFERRAL (Signature)

Rebecca SOLIS

Digitally signed by Rebecca Solis
DN: cn=Rebecca Solis, o=Denver Field Division,
ou=Denver III, email=Rebecca.Solis@atf.gov, c=US
Date: 2012.09.13 18:10:54 -0600

10. TITLE AND ADDRESS

Area Supervisor
Suite 1800
950 17th Street
Denver, CO 80202

11. TELEPHONE NO.

(303) 575-7648

PART II - RESPONSE (See Instruction 4.)

1. THE REFERRAL ABOVE IS ☐ ACCEPTED ☐ REJECTED (Explain below) ☐ OTHER (Explain below)

2. DATE

3. ACTION PLANNED OR TAKEN AND COMMENTS (Continue on a separate sheet, if necessary.)

4. SIGNATURE

5. TITLE OF OFFICIAL

6. ADDRESS

7. TELEPHONE NO.

COMPLETE FOR REFERRALS WITHIN ATF: THIS RESPONSE IS ☐ INTERIM ☐ FINAL

Toltec No. 2
M-1984-039
September 25, 2012
Photo 1

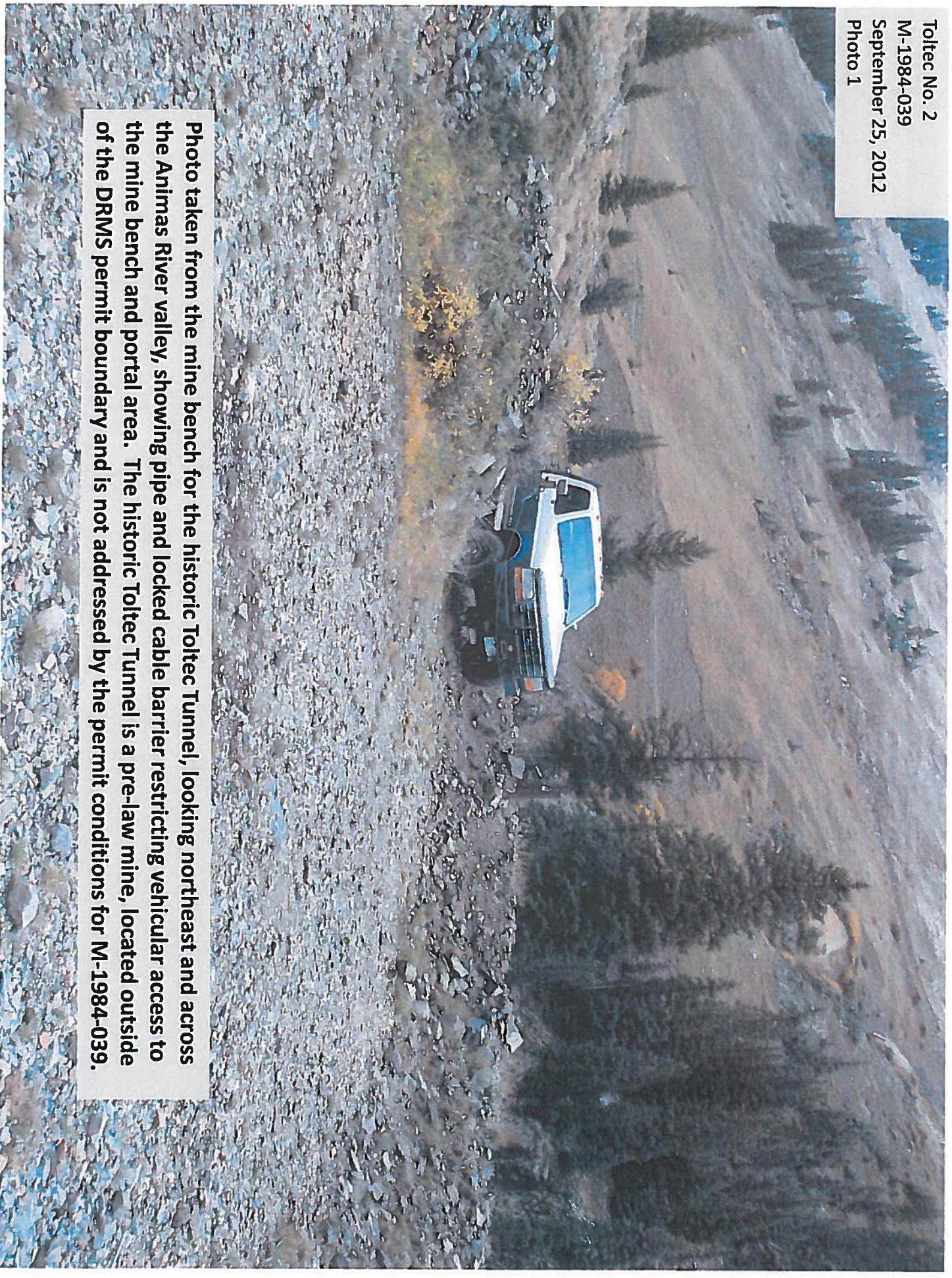


Photo taken from the mine bench for the historic Toltec Tunnel, looking northeast and across the Animas River valley, showing pipe and locked cable barrier restricting vehicular access to the mine bench and portal area. The historic Toltec Tunnel is a pre-law mine, located outside of the DRMS permit boundary and is not addressed by the permit conditions for M-1984-039.

Toltec No. 2
M-1984-039
September 25, 2012
Photo 2



Photo taken from the mine bench of the historic Toltec Tunnel, looking west, showing the portal and nearby subsidence feature associated with underground collapse.

Toltec No. 2
M-1984-039
September 25, 2012
Photo 3



Detail view of subsidence feature

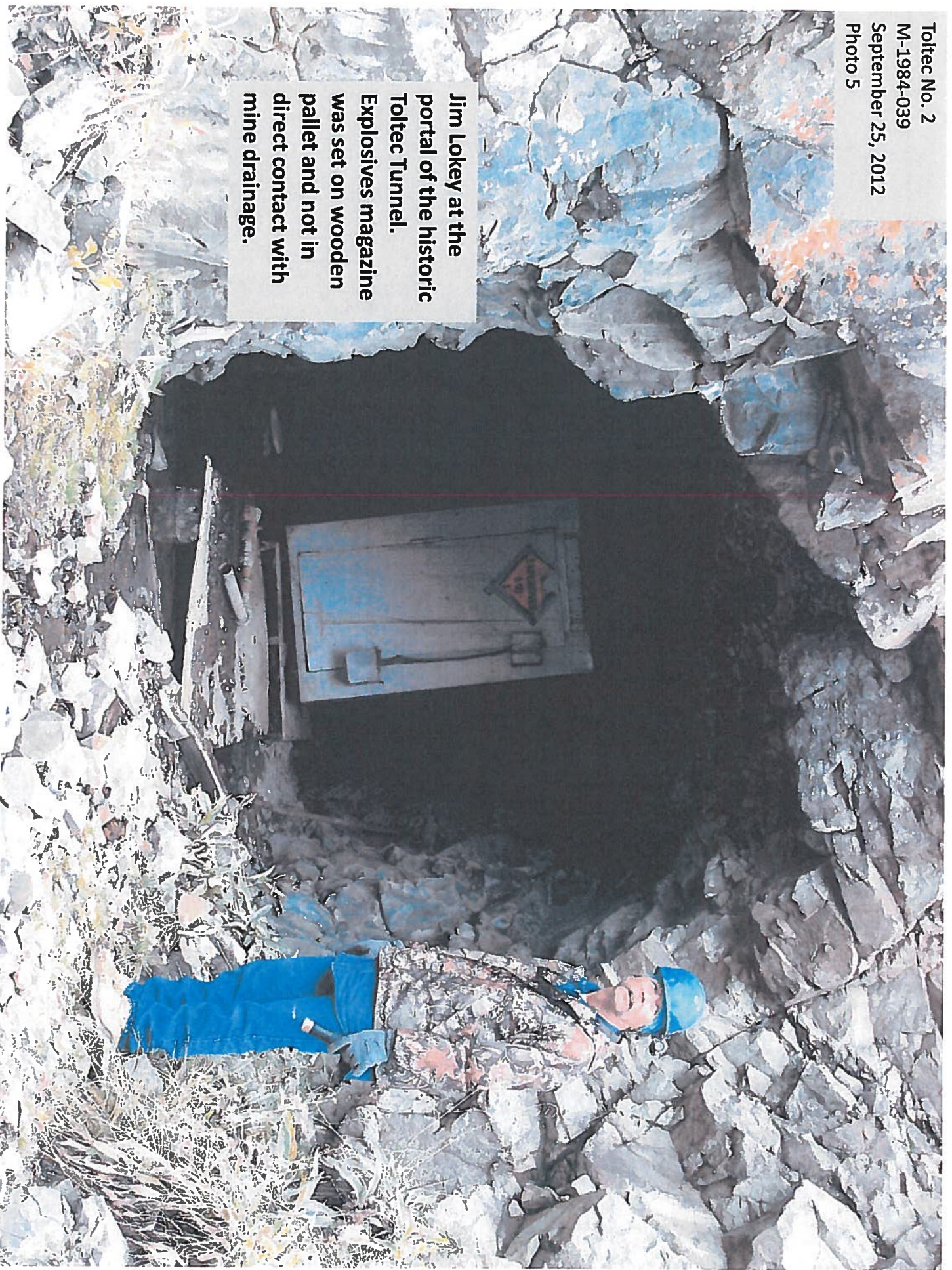
Toltec No. 2
M-1984-039
September 25, 2012
Photo 4

View of approach to portal



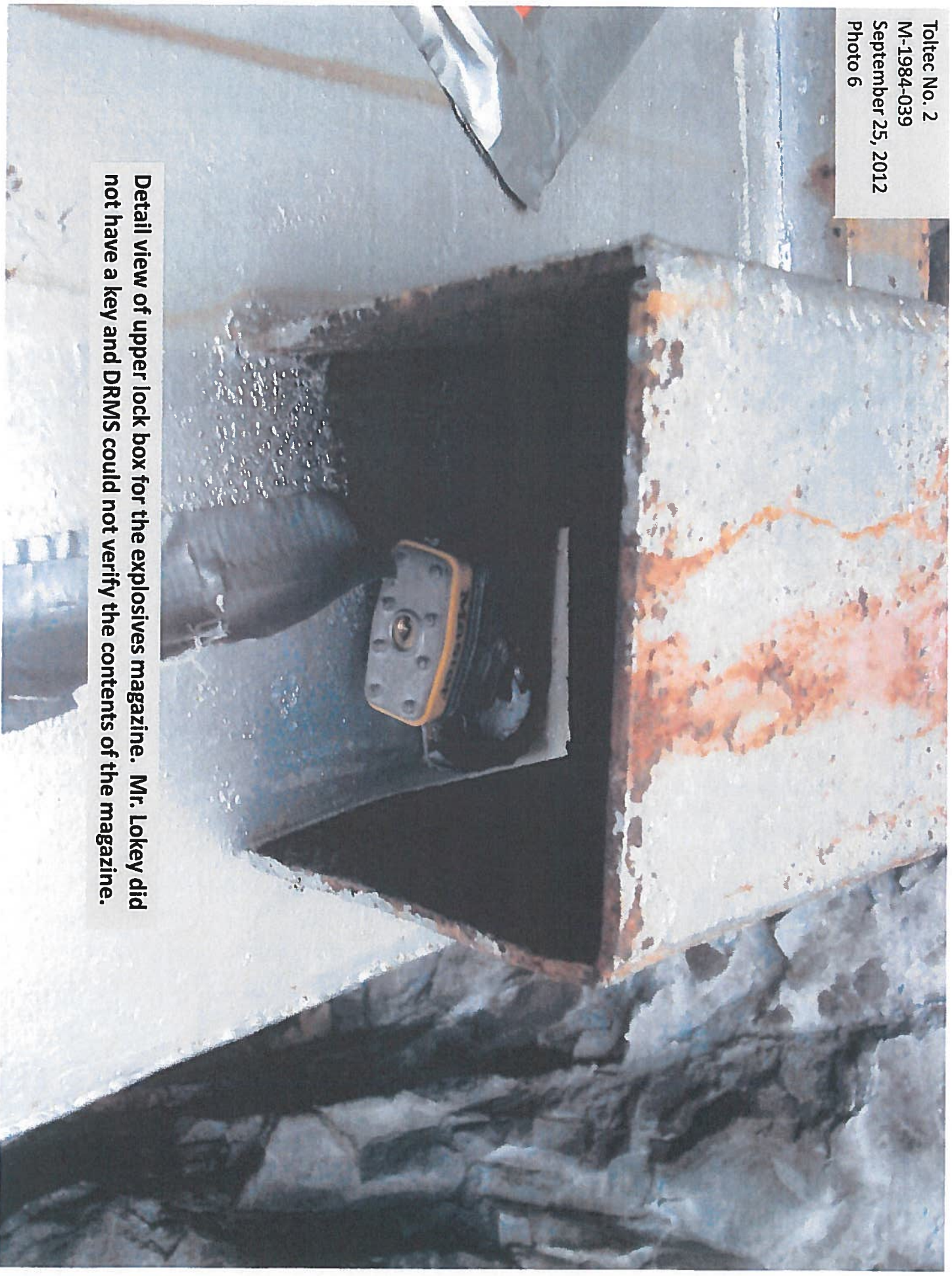
Toltec No. 2
M-1984-039
September 25, 2012
Photo 5

Jim Lokey at the
portal of the historic
Toltec Tunnel.
Explosives magazine
was set on wooden
pallet and not in
direct contact with
mine drainage.



Toltec No. 2
M-1984-039
September 25, 2012
Photo 6

Detail view of upper lock box for the explosives magazine. Mr. Lokey did not have a key and DRMS could not verify the contents of the magazine.



Toltec No. 2
M-1984-039
September 25, 2012
Photo 7

A second magazine was located approximately 30 feet in from the portal, at a T-intersection in the underground workings. The second magazine was set on mine timbers and not in direct contact with mine drainage. The magazine was locked and Mr. Lokey did not have a key; contents not verified.



Toltec No. 2
M-1984-039
September 25, 2012
Photo 8



Exploratory excavation at the Toltec 2 claim, located at approximately 11,880 feet elevation and within the DRMS permit boundary. No magazines or explosives were observed within the DRMS permit boundary.

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

"AF: RPT"



May 1, 2013

Wilbur F Benham
1007 Kennedy Dr., Apt A
Norton, KS 67654

John W Hickenlooper
Governor

Mike King
Executive Director

Loretta E Pineda
Director

FINAL NOTICE- IMMEDIATE ACTION REQUIRED

Please be advised that according to records of the Division of Reclamation, Mining and Safety, (the "Division") the annual fee and report listed below is past due. The Division must receive all fees due, accompanied by an adequate report, no later than 5 p.m. on May 31, 2013, or a Notice of Violation, Cease and Desist Order from ALL mining related activities, Civil Penalties equal to the amount of the annual fee due, and a Notice of Formal Public Hearing before the Mined Land Reclamation Board for consideration of POSSIBLE PERMIT REVOCATION AND FINANCIAL WARRANTY FORFEITURE will be issued for this account.

Please be aware that no permits for new mining operations shall be granted to any operator who is currently found to be in violation in this state (C.R.S. 34-32-120 or C.R.S. 34-32.5-120). The Annual Report and Fee requirement is not met until we have received the following components: fee, report, and associated map as required by the Colorado Mined Land Reclamation Act and/or Colorado Land Reclamation Act for the Extraction of Construction Materials (C.R.S. 34-32-116 or 34-32.5-116).

Division records indicate \$259.00 is due.
Permit No. : M-1984-039
Operation Name: Toltec No 2
Anniversary Date: April 25, 2013
Total: \$259.00 (Due on or before)

Return the completed Annual Report FORM, a MAP, and a CHECK or MONEY ORDER made payable to: Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. If your records indicate these documents and fees have already been submitted, please notify the Division.

If your records indicate different facts than those stated above please inform the Division no later than May 31, 2013. If you receive this notice and you have mailed your payment and report to the Division, please disregard this notice. Any questions concerning your annual report or fees may be directed to Christine Brookshire at (303) 866-3567 ext. 8132 or Jim Dupler (303) 866-3567 ext. 8119.

If you have additional comments and/or information that should be provided to the Division, please provide it below or attach it to this form along with your written report and map. The Division appreciates your prompt attention in this matter.

520-731-5541-

RECEIVED

MAY 17 2013

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



May 1, 2013

Wilbur F Benham
1007 Kennedy Dr., Apt A
Norton, KS 67654

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

FINAL NOTICE- IMMEDIATE ACTION REQUIRED

Please be advised that according to records of the Division of Reclamation, Mining and Safety, (the "Division") the annual fee and report listed below is past due. The Division must receive all fees due, accompanied by an adequate report, no later than 5 p.m. on May 31, 2013, or a Notice of Violation, Cease and Desist Order from ALL mining related activities, Civil Penalties equal to the amount of the annual fee due, and a Notice of Formal Public Hearing before the Mined Land Reclamation Board for consideration of POSSIBLE PERMIT REVOCATION AND FINANCIAL WARRANTY FORFEITURE will be issued for this account.

Please be aware that no permits for new mining operations shall be granted to any operator who is currently found to be in violation in this state (C.R.S. 34-32-120 or C.R.S. 34-32.5-120). The Annual Report and Fee requirement is not met until we have received the following components: fee, report, and associated map as required by the Colorado Mined Land Reclamation Act and/or Colorado Land Reclamation Act for the Extraction of Construction Materials (C.R.S. 34-32-116 or 34-32.5-116).

Division records indicate \$259.00 is due.
Permit No. : M-1984-039
Operation Name: Toltec No 2
Anniversary Date: April 25, 2013
Total: \$259.00 (Due on or before)

Return the completed Annual Report FORM, a MAP, and a CHECK or MONEY ORDER made payable to: Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. If your records indicate these documents and fees have already been submitted, please notify the Division.

If your records indicate different facts than those stated above please inform the Division no later than May 31, 2013. If you receive this notice and you have mailed your payment and report to the Division, please disregard this notice. Any questions concerning your annual report or fees may be directed to Christine Brookshire at (303) 866-3567 ext. 8132 or Jim Dupler (303) 866-3567 ext. 8119.

If you have additional comments and/or information that should be provided to the Division, please provide it below or attach it to this form along with your written report and map. The Division appreciates your prompt attention in this matter.

520-731-5541-

May 13, 2013

Division of Reclamation, Mining & Safety
ATTN: Jim Dupler

P.S. Find My Mining Report
File 111-1954-639.

I am sorry for the Delay of
My Report as I have received
the First Report Request.

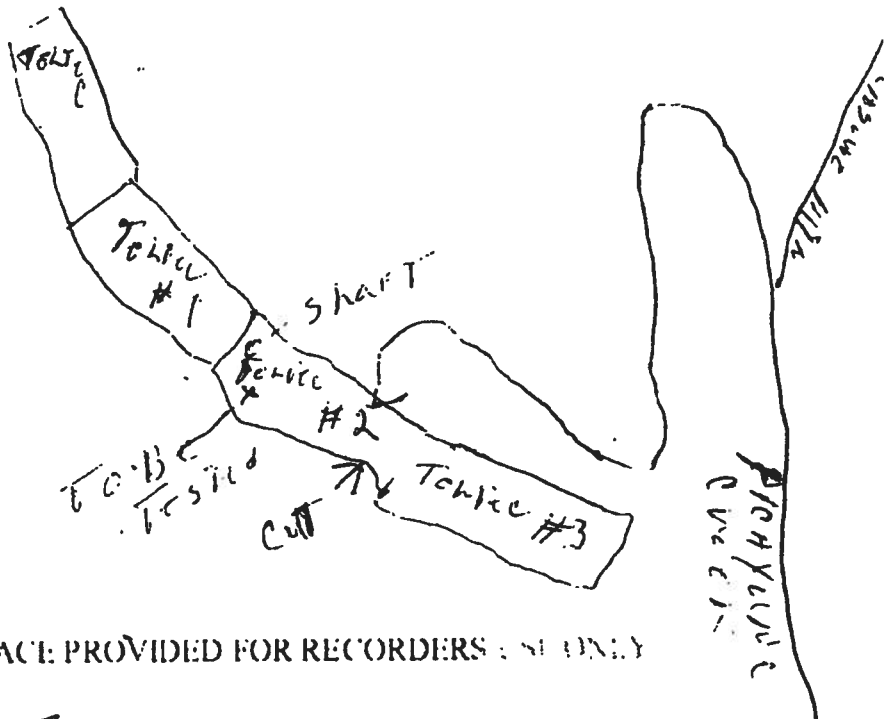
Please accept this Report
for the Mining Season.

Hope to see you soon.

Sincerely

W. H. T. B. B. B.

~~XXXXXXXXXX~~ ~~Page~~
TOLtec # 5544



THE ABOVE SPACE PROVIDED FOR RECORDERS USE ONLY
PREPARED BY:

TOLtec # 2
145 PAT. C. B.
5544

With T. Burham

Division of Reclamation, Mining, and Safety

Fee Receipt for M1984039

Wilbur F Benham

000000000

Receipt #: 15236

Date: 05/21/2013

Permit: M1984039

| Payment Method | Revenue Code | Fee Description/Notes | Amount |
|----------------|--------------|--|----------|
| 43360 jwd | 4300-01 | Minerals Annual Fees M-1984-039, Paid By Garrett Plumbing, Heating & Electric Co. | \$259.00 |
| Receipt Total: | | | \$259.00 |

Send MAP

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

Mike King
Executive Director

Loretta E. Pineda
Director

March 3, 2014

Wilbur F. Benham
Wilbur F Benham
1007 Kennedy Dr., Apt A
Norton, KS 67654

BEST MAP SO FAR.

INADEQUATE ANNUAL FEE/REQUEST FOR UPDATE OF INFORMATION PLEASE READ CAREFULLY - ACTION REQUIRED

On February 18, 2014, the Division of Reclamation, Mining and Safety received your Annual Fee for NOI No. P-1983-010, Toltec Load. However according to Division records, the Annual Fee, report or map is inadequate.

Annual Fee: Adequate

If the annual fee has not been submitted, please remit \$86.00. If the annual fee is *inadequate* please remit the remaining balance.

Enclosed is an annual report form with reporting instructions.

The Annual Report and Fee requirement will be considered submitted when we have received the following components:

1. APPROPRIATE ANNUAL FEE
2. COMPLETED REPORT
3. ASSOCIATED MAP

I've submitted 711
OF THIS. WB.

FAILURE TO SUBMIT AN ADEQUATE PACKET MAY RESULT IN ENFORCEMENT ACTION WITH ASSOCIATED CIVIL PENALTIES. The Division must receive the complete Packet no later than 5 p.m. on **April 2, 2014** (if this date falls on a weekend or state recognized holiday your Packet will be due on the next regular business day), or a Notice of Violation, Cease and Desist Order from ALL mining related activities, Civil Penalties equal to the amount of the annual fee(s) due, and a Notice of Formal Public Hearing before the Mined Land Reclamation Board for consideration of POSSIBLE NOI REVOCATION AND FINANCIAL WARRANTY FORFEITURE will be issued for this account.

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact Michelle Ramirez at (303)-866-3567 x8114.

303-832-8106

Dear Michelle - After
July or Aug I would
like to visit with
Inspector in Sept.

Enclosure - annual report form

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

Mike King
Executive Director

Loretta E. Pineda
Director

March 3, 2014

Wilbur F. Benham
Wilbur F Benham
1007 Kennedy Dr., Apt. A
Norton, KS 67654

Toltec No 2, Permit M-1984-039, Annual Fee Invoice and Report Request

PLEASE READ CAREFULLY – ACTION REQUIRED

Please attach your COMPLETED written Annual Report and Annual Report Map to this form

Under the terms of your NOI or Reclamation Permit and Colorado Statutes, you must submit Annual Fees and Annual Reports (including a map). You must pay the Annual Fee and submit an Annual Report each year until reclamation responsibility release is granted. The Annual Fee is not a renewal fee. The Fee and Report are for LAST YEAR'S mining and reclamation season, and MUST be paid even if your operation was inactive.

The Annual Report and Fee requirement will be considered submitted when we have received the following components:

1. APPROPRIATE ANNUAL FEE *See separate letter.*
2. COMPLETED ANNUAL REPORT
3. ASSOCIATED MAP as required by rule *- See Google Photo ALSO OVERLAY TO STATE US GOVT SURVEY 5544 WAS VERIFIED BY ME*

If you have requested reclamation responsibility release from the Division of Reclamation, Mining and Safety (the "Division") but your permit is not released by the anniversary date listed below, the Annual Fee MUST be paid. If the permit is released before the anniversary date, then by Statute, it is not necessary to pay an Annual Fee or submit an Annual Report for that year.

Division records indicate the \$259.00 fee is due for the following:

Permit: M-1984-039
Operation Name: Toltec No 2
Anniversary Date: April 25, 2014
Total Fee Due: \$259.00 (Due on or before your Anniversary Date)

Return the enclosed Annual Report FORM, a MAP, and a CHECK or MONEY ORDER made payable to: Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. If your records indicate these documents and fees have already been submitted, please notify the Division.

If you have additional comments and/or information that should be provided to the Division, please provide it below or attach it to this form along with your written report and map. Annual Report instructions are enclosed. If you have any questions, please feel free to contact Michelle Ramirez at (303)-866-3567 x8114. Thank you for your cooperation in this matter.

IF THE ANNUAL FEE SUBMITTALS ARE NOT RECEIVED ON OR BEFORE YOUR ANNIVERSARY DATE, THE ENFORCEMENT PROCESS WILL AUTOMATICALLY BE INITIATED. ENFORCEMENT ACTIONS MAY RESULT IN CIVIL PENALTIES AND/OR REVOCATION OF YOUR PERMIT.

110(2) Annual Report

| | | | |
|-----------------|-----------------|-------------------|----------------|
| Permittee Name: | Wilbur F Benham | Permit Number: | M-1984-039 |
| Operation Name: | Toltec No 2 | County: | San Juan |
| Annual Fee Due: | \$259.00 | Anniversary Date: | April 25, 2014 |
| Permit Acreage: | 8.00 | Current Bond Amt: | \$2,500.00 |

According to C.R.S. 34-32.5-116 or 34-32-116, each year, on the anniversary date of the permit, an operator shall submit the Annual Fee, an Annual Report and Map showing the extent of current disturbances to affected land, required monitoring information, reclamation accomplished to date and during the preceding year, any new disturbance that is anticipated to occur during the upcoming year, any reclamation that will be performed during the upcoming year, the dates for the beginning of active operations, and the date active operations ceased for the year.

Information contained in this report will be reviewed by the Division upon receipt and prior to the next compliance inspection of the site. If, while completing this report, you learn that your site is not in compliance with the rules and the act, it is advisable that the issues be rectified promptly to avoid possible enforcement action.

- Is the site identification sign posted in accordance with Rule 3.1.12(1). *sign STOLEN IN 2013 FALL* YES ☒ NO
- Is the affected area boundary clearly marked in accordance with Rule 3.1.12(2). YES ☒ NO
- Is the mine site in final reclamation (all material extraction and stockpile removal is complete)? YES ☒ NO
If "YES," please note time limits related to completion of reclamation, Rule 3.1.3.
- What was the date of last excavation, processing or hauling activity at the mine? *SEPT 2013*
- Does the mine operate more than 180 days per year YES ☒ NO
If "NO", please review Rule 1.13 to assure that your mine is in compliance.
- Has this mine been granted: *Access July - September*
a) approval of TEMPORARY CESSATION Status? YES ☒ NO
b) approval for INTERMITTENT OPERATION? YES ☒ NO
- Number of acres currently affected (mining + incomplete and or unreleased reclamation). _____
- Number of acres that were newly affected during the current report year. *0*
- Number of acres that were reclaimed during the current report year. *0*
- Estimated new acreage to be affected in the next report year. *0*
- Estimated acres to be reclaimed in the next report year. *NOT Closed FOR Permit .8*

12. **Total acres** in various stages of reclamation, since permitted mining activities began:

| | | | | | | | |
|--------------------------|-------------------|--|-----------------|----------------------------------|------------------|--|----------|
| Total acres backfilled: | <i>0</i> | Total acres seeded w/ approved mix: | <i>0</i> | Total acres w/topsoil replaced: | <i>0</i> | Total acres mulched w/ approved mulch: | <i>0</i> |
| Total acres graded: | <i>0</i> | Total acres fertilized w/ apvd fertilizer: | <i>0</i> | Topsoil replacement depth (in.): | <i>0</i> | Mulch application rate (tons): | <i>0</i> |
| Seed application method: | <i>NATURAL IN</i> | Fertilizer application method: | <i>Handcast</i> | Mulch application method: | <i>AS Needed</i> | | |

Set aside OF TOPSOIL NOT SHOWN IN REPORT IS COVERED WITH FLOWERS - ETC GRASS -

13. Is weed control being conducted in accordance with an approved Weed Control Plan? YES ☒ NO ☒ N/A ☒
If "YES", indicate the weed species, control area, control type, application rate and treatment date on the report map.
14. Is adequate topsoil reserved for reclamation, based on your approved permit? ☒ YES ☐ NO ☐ N/A
If "NO", please explain:
15. Is the reserved topsoil vegetated/stabilized in accordance with Rule 3.1.9(1)? ☒ YES ☐ NO ☐ N/A
If "NO" please explain:
16. If mining has exposed groundwater, is the site in compliance with the approved mining plan and Office of the State Engineer (Well Permit, S.W.S.P., and/or Permanent Augmentation Plan)? YES ☐ NO ☒ N/A ☒
17. Are all hazardous materials stored within approved spill containment structures? ☒ YES ☐ NO ☐ N/A
18. Is your financial warranty value sufficient to cover the cost to complete reclamation? ☒ YES ☐ NO ☐ N/A
19. Is your basis for legal right to enter still valid? ☒ YES ☐ NO
20. Does your permit require you to submit monitoring information annually? ☒ YES ☐ NO ☐ N/A
If "Yes", please attach the required monitoring results to this Annual Report.
21. As required by Colorado Mined Land Reclamation Act and/or Colorado Land Reclamation Act for the Extraction of Construction Materials (C.R.S. 34-32-116 or 34-32.5-116), attach a map to this report that accurately depicts the permit boundary, current affected area boundary and location of the acreages specified in items 7- 12 and 14.
UPDATED MAP ATTACHED: *SEE BOUGH EARTH PICTURE - I BELIEVE AREAS MISS MATCHED - WEED REF SCALE*
- Division records indicate the following permittee contact information. If this information is not current, please type or print current contact information:

| | | |
|--------------------|--|--|
| Permittee Contact: | Wilbur F. Benham | |
| Permittee Company: | Wilbur F Benham | |
| Address: | 1007 Kennedy Dr., Apt. A Norton, KS 67654 | |
| Phone Number: | (785) 874-8080 | |
| Fax Number: | <i>NA</i> | |
| Email Address: | CF.PR.email | |

I, the undersigned, hereby state that the information provided in this report is true and accurate, and that site operations are being conducted in accordance with the Division approved mining and reclamation plans.

Wilbur F. Benham
Signature of Permittee, Corporate Officer, Owner, or Documented Designee

042314
Date

11. Is weed control being conducted in accordance with an approved Weed Control Plan? YES ☒ NO N/A
If "YES", indicate the weed species, control area, control type, application rate and treatment date on the report map.
12. Is adequate topsoil reserved for reclamation, based on your approved NOI? YES ☒ NO N/A
If "NO", please explain: *Disturbed land is in QUARTZ outcrop - can't grow seed in QUARTZ*
Is the reserved topsoil vegetated/stabilized in accordance with Rule 3.1.9(1)? YES NO N/A
If "NO" please explain:
13. If exploration has exposed groundwater, is the site in compliance with the approved mining plan and Office of the State Engineer (Well Permit, S.W.S.P., and/or Permanent Augmentation Plan)? YES NO ☒ N/A
14. Are all hazardous materials stored within approved spill containment structures? ☒ YES NO N/A
15. Does your NOI reclamation plan or Environmental Protection Plan require you to submit monitoring information annually? YES ☒ NO N/A
If "Yes", please attach the required monitoring results to this Annual Report as required by Rule 1.15(1)(c).
16. As required by Rule 5.6(1)(g) submit with this report documentation to show that the Financial Warranty is still in place and is adequate to fully reclaim the approved prospecting site disturbance(s).

FINANCIAL WARRANTY DOCUMENTATION ATTACHED:

See Original Permit - !

17. Please use the space below to describe as required by Rule 5.6(1)(c) any new prospecting activity that occurred during the preceding year, including the locations and number of new surface drill holes, mud pits, excavations, rock dumps, adits, shafts, trenches, pits, roads and structures. If applicable, you must also describe the measures taken to safeguard shafts, adits and other mine openings from unauthorized entry both during and after prospecting. Additional pages should be attached if needed.

1. approved Permit Area says 8 acres - should show 0.8 acres,

2. As shown in Permit I was to work along cut and follow the vein until it goes underground at which time I would elect to continue & go underground.

3. Report has me closing Toltec #3 prospects, I do not own Toltec #3, and it has not been mined since report from 1940's show mining for lead/zinc appx 200 tons -

Plz consider re DO of Report in September with Wally - with S. Benham

18. As required by rule 5.6.1(f), attach a map to this report that accurately depicts the NOI boundary, current affected area, location of all previously listed featured, and all acreages listed in items 6 through 12 and item 20. These activities must be identified on a site map of adequate scale to field locate these areas, and may include coordinates in latitude and longitude to at least 5 decimal places, or UTM coordinates with the datum and zone specified.

UPDATED MAP ATTACHED: _____

19. Rule 5.7 requires submittal of final abandonment reports within 60 days for any drill hole(s) with artesian flows and no later than 12 months for all other completed drill holes.

ABANDONMENT REPORTS ATTACHED: _____ or.. N/A

20. Division records indicate the following permittee/landowner contact information. If this information is not current, please type or print current contact information: Rule 5.6.1(a, b).

| | | |
|--------------------|---|--|
| Permittee Contact: | Wilbur F. Benham | |
| Permittee Company: | Wilbur F Benham | |
| Address: | 1007 Kennedy Dr., Apt A Norton, KS 67654 | |
| Phone Number: | (785) 874-8080 | |
| Fax Number: | | |
| Email Address: | CF.PR.email | |

| | | |
|-------------------------|--|--|
| Landowner Contact: | | |
| Landowner Address: | | |
| Landowner Phone Number: | | |
| Landowner Email | | |

I, the undersigned, hereby state that the information provided in this report is true and accurate, and that site operations are being conducted in accordance with the Division approved NOI and reclamation plans. Rule 5.6.1(h).

Signature of Permittee, Corporate Officer, Owner, or Documented Designee

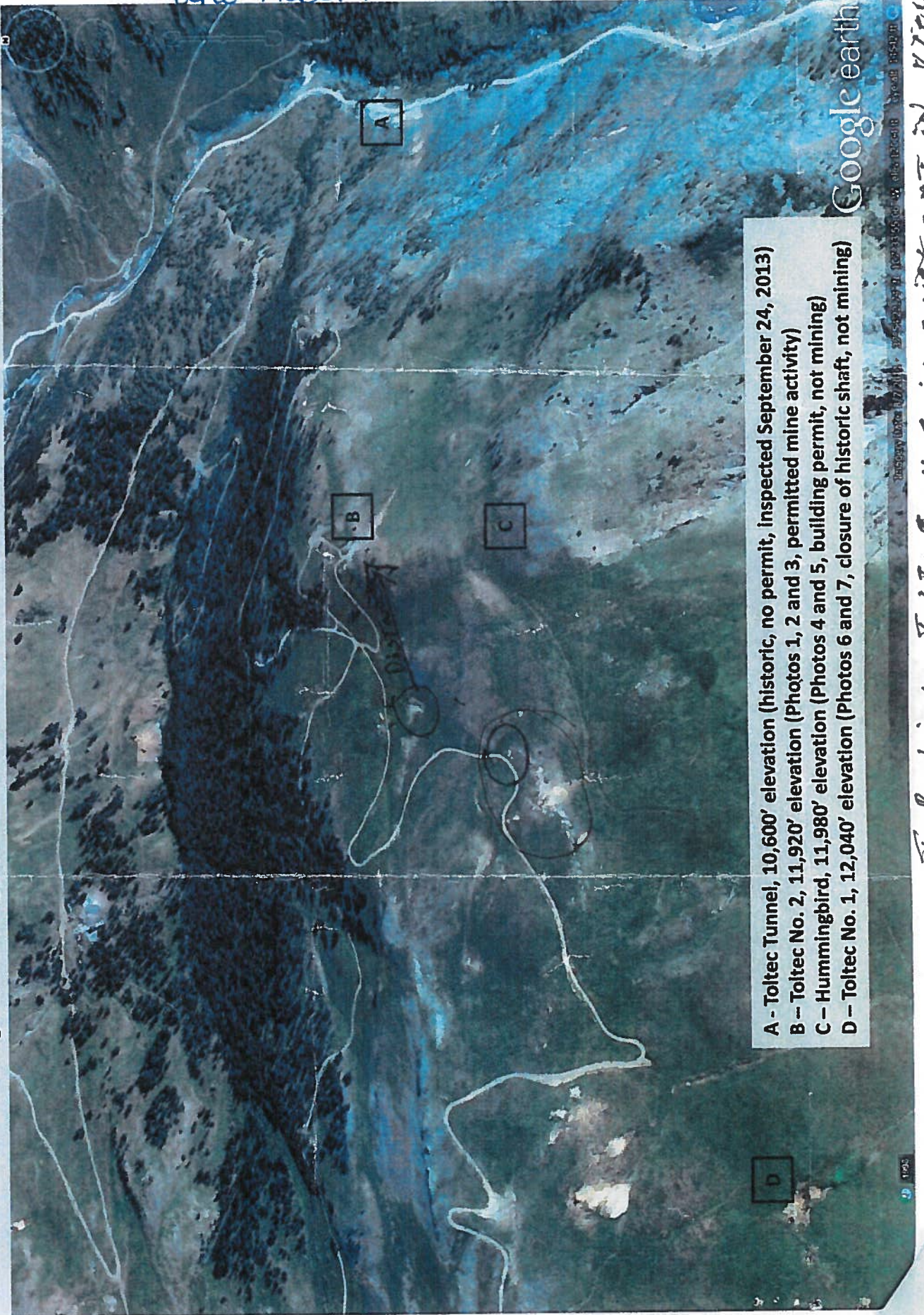
Date

WHE

Annual Map
and Report

M1984-039

Mine Features and Photo Locations for DRMS Inspections Occurring on September 24 and 26, 2013,
Google Earth Imagery Date August 7, 2011, Toltec No. 2, Permit No. M-1984-039



I Believe Toltec #1 is mislabeled in view
of inspection



COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY ✓
MINERALS PROGRAM INSPECTION REPORT ✓
PHONE: (303) 866-3567

WHE, GRM

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

| | | | |
|--|--|---|----------------------|
| MINE NAME: Toltec No 2 | MINE/PROSPECTING ID#: M-1984-039 | MINERAL: Ag, Au, Cu, Zn, Pb | COUNTY: San Juan |
| INSPECTION TYPE: Multi Person Inspection | INSPECTOR(S): Wallace H. Erickson | INSP. DATE: August 6, 2014 | INSP. TIME: 14:00 |
| OPERATOR: Wilbur F Benham | OPERATOR REPRESENTATIVE: Will Benham | TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact | |
| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: Complete Bond | BOND AMOUNT: \$2,500.00 | |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None | |
| WEATHER: Cloudy | INSPECTOR'S SIGNATURE: <i>Wallace H. Erickson</i> | SIGNATURE DATE: November 28, 2014 ✓ | |

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

| | | |
|---|---|-----------------------------------|
| (AR) RECORDS----- <u>N</u> | (FN) FINANCIAL WARRANTY----- <u>PB</u> | (RD) ROADS----- <u>Y</u> |
| (HB) HYDROLOGIC BALANCE----- <u>Y</u> | (BG) BACKFILL & GRADING----- <u>Y</u> | (EX) EXPLOSIVES----- <u>Y</u> |
| (PW) PROCESSING WASTE/TAILING----- <u>NA</u> | (SF) PROCESSING FACILITIES----- <u>NA</u> | (TS) TOPSOIL----- <u>Y</u> |
| (MP) GENL MINE PLAN COMPLIANCE----- <u>PB</u> | (FW) FISH & WILDLIFE----- <u>Y</u> | (RV) REVEGETATION----- <u>Y</u> |
| (SM) SIGNS AND MARKERS----- <u>PB</u> | (SP) STORM WATER MGT PLAN----- <u>N</u> | (SB) COMPLETE INSP----- <u>Y</u> |
| (ES) OVERBURDEN/DEV. WASTE----- <u>Y</u> | (SC) EROSION/SEDIMENTATION----- <u>Y</u> | (RS) RECL PLAN/COMP----- <u>Y</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>Y</u> | (OD) OFF-SITE DAMAGE----- <u>Y</u> | (ST) STIPULATIONS----- <u>NA</u> |

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

INSPECTION TOPIC: Financial Warranty

PROBLEM: The Division has reviewed the current cost of reclamation totaling \$3,460.79. Therefore, the existing \$2,500 financial warranty is not adequate to ensure the completion of reclamation in accordance with the approved reclamation plan and Act and Rules. This is a failure to maintain the financial warranty as necessary to complete reclamation of the affected lands pursuant to C.R.S., § 34-32-117(4)(b).

CORRECTIVE ACTIONS: Pursuant to Rule 4.2.1(2), the Operator has 60 days from the date of this report, due January 27, 2015, to provide \$960.79 additional surety, to ensure a total financial warranty not less than \$3,460.79.

CORRECTIVE ACTION DUE DATE: January 27, 2015

INSPECTION TOPIC: Mine Plan Compliance

PROBLEM: There is no map within the permit file which outlines and labels the eight-acre permit boundary. The absence of an appropriate mine plan map, which outlines and labels the permit boundary, is in conflict with the requirements of Rules 6.2.1(2)(d) and 6.3.5(2)(a).

CORRECTIVE ACTION: Within 60 days of the signature date of this report, by January 27, 2015, the Operator must submit an updated mine plan map, which outlines and labels the permit boundary. The map must satisfy the requirements of Rules 6.2.1(2) and 6.3.5(2)(a). The map shall be submitted for Division review and approval through the Technical Revision process, described under Rule 1.9.

CORRECTIVE ACTION DUE DATE: January 27, 2015

INSPECTION TOPIC: Signs & Markers

PROBLEM: The mine identification sign and permit boundary markers, required under Rule 3.1.12, were not observed.

CORRECTIVE ACTIONS: Within 60 days of the signature date of this report, by January 27, 2015, the Operator must provide photographic evidence to the Division which demonstrates a mine identification sign has been posted and the eight-acre permit boundary has been delineated on the ground. Pursuant to Rule 3.1.12(1), the identification sign must be posted at the mine entrance, be clearly visible from the access road, and must display the name of the operator, the permit number, and a statement indicating a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board.

CORRECTIVE ACTION DUE DATE: January 27, 2015

OBSERVATIONS

This inspection occurred as follow-up to the Division's previous inspection, conducted on September 26, 2013, to evaluate compliance with the Division's corrective actions and to update the financial warranty. The 110(2) permit is approved for eight acres of affected land for the extraction of precious metal ore from the Toltec No. 2 patented mine claim. Affected lands will be reclaimed to support rangeland post-mining land use. The Division holds \$2,500 financial warranty. This report is accompanied by an updated reclamation cost estimation totaling \$3,460.79 and three photographs taken during the inspection.

On August 6, 2014, the Division met Mr. Benham in Silverton. The Division attempted to explain and clarify the corrective actions from the inspection report generated from the September 26, 2013 inspection. Mr. Benham described reclamation efforts he had recently completed, including the posting of the permit boundary markers and a mine identification sign. Mr. Benham indicated he had taken numerous photographs of the reclamation work and sign and markers. The photographs had been taken with his cell phone.

Unfortunately, the photographs were lost when he later dropped his cell phone in water. Mr. Benham indicated he was encountering difficulty in contracting with a reclamation contractor to finish the reclamation. Mr. Benham could not accompany the Division to the mine site due to his declining health condition.

The mine identification sign and permit boundary markers, required under Rule 3.1.12, were not observed. The Division has noted a problem for the absent sign and markers and has imposed a corrective action deadline whereby the Operator must demonstrate compliance with the requirements of Rule 3.1.12. Additional details for the corrective action and deadline are provided on page two of this report.

Confusion exists within the permit documents as to the location and boundary of the affected lands. The permit is approved for eight acres affected lands, located within the boundaries of the Toltec No. 2 mine claim. However, the maps of the permit delineate the mine claims for the Toltec, Toltec No. 1, Toltec No. 2 and Toltec No. 3, totaling approximately 41 acres. There appears to be no mine plan map which outlines and labels the eight-acre permit boundary. Given the fact the affected lands are located within an historic mining district with numerous pre-law mine features, the absence of a mine plan map which clearly outlines and labels the permit boundary, and the absence of markers on the ground which correlate with the mine plan map, the Division could not verify compliance with the mine plan. The Division has noted a problem with the mine plan, regarding the absence of an appropriate map, and has imposed corrective actions. Additional details for the corrective actions and deadline are provided on page two of this report.

Mining and reclamation activities were dormant. As shown in Photos 1, 2 and 3, evidence of recent mining activity, limited to blasting, was observed nearby the northeast corner of the Toltec No. 2 mine claim. Affected lands were estimated at 0.25 acres.

The Division has reviewed the current cost of reclamation totaling \$3,460.79. Therefore, the existing \$2,500 financial warranty is not adequate to ensure the completion of reclamation. Please find enclosed nine pages of summary and work sheets utilized by the Division to estimate the current cost of reclamation. The Division has noted a problem regarding the financial warranty and has imposed a corrected action deadline. Additional details regarding the corrective action and deadline are provided on page two of this report.

Enclosure: 1) three photographs taken during the inspection
2) updated reclamation cost estimation, dated November 26, 2014, totaling \$3,460.79

Ec w/enclosures: Russ Means, DRMS GJFO

CERTIFICATE OF SERVICE

I, Wallace H. Erickson, hereby certify that on this 28th day of November 2014, placed a true and complete copy of the foregoing inspection report, signed November 28, 2014, generated from the August 6, 2014 inspection of the Toltec No. 2, Permit No. M-1984-039, with enclosures, in the US Mail, first class postage affixed and addressed to the following:

Wilbur F. Benham
1012 Kennedy Drive, Apt. A
Norton, KS 67654

Wallace H. Erickson 11/28/14

Toltec No. 2
M-1984-039
August 6, 2014
Photo 1



Photo of a blast site previously documented in the Division's inspection report generated from the September 26, 2013 inspection (see Photo 1 from the previous inspection report). Evidence of recent reclamation activity was not observed.

Toltec No. 2

M-1984-039

August 6, 2014

Photo 2

Photo of cast rock from a blast previously documented in the Division's inspection report generated from the September 26, 2013 inspection (see Photos 2 and 3 from the previous inspection report). Evidence of recent activity at the site was limited to the 18 pallets of cinder block featured in this photo. The purpose of the cinder block is unknown and suspected to be unrelated to the mine operation.



Toltec No. 2
M-1984-039
August 6, 2014
Photo 3



Several small stockpiles of mined materials, similar to the one shown in this photo, were located within or nearby the Toltec No. 2 patented claim, possibly associated with the permitted operation.

COST SUMMARY WORK

Task description: Summary of reclamation tasks and costs

Site: Toltec No 2

Permit Action: Routine bond
update

Permit/Job#: M1984039

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 11/28/2014

County: San Juan

Filename: M039-000

User: WHE

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

| Task | Description | Form Used | Fleet Size | Task Hours | Cost |
|--------------------------|---|--------------|---------------|---------------|----------------|
| 001 | Highwall reduction from near vertical to 3H:1V | LOADER | 1 | 0.71 | \$61.00 |
| 002 | Topsoil replacement, 0.25 acres, 0.5 feet deep | LOADER | 1 | 3.01 | \$255.00 |
| 003 | Revegetate 0.25 acres affected lands | REVEGE | 1 | 8.00 | \$1,596.00 |
| 004 | Haul reclamation equipment to and from job site | MOBILIZE | 1 | 4.00 | \$1,003.00 |
| <u>SUBTOTALS:</u> | | | | 15.72 | \$2,915 |

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$58.88

Performance bond: 1.05%

Total = \$30.61

Job superintendent: 0.00 hrs

Total = \$0.00

Profit: 10.00%

Total = \$291.50

TOTAL O & P = \$380.99

CONTRACT AMOUNT (direct + O & P) = \$3,295.99

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%

\$164.80

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$545.79

TOTAL BOND AMOUNT (direct + indirect) = \$3,460.79

WHEEL LOADER – LOAD AND CARRY WORKTask description: Highwall reduction from near vertical to 3H:1VSite: Toltec No 2Permit Action: Routine bond updatePermit/Job#: M1984039**PROJECT IDENTIFICATION**Task #: 001State: ColoradoAbbreviation: NoneDate: 11/28/2014County: San JuanFilename: M039-001User: WHEAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: CAT 446DHorsepower: 101Attachment 1: ROPS CabShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

| | | Utilization % |
|------------------------|---------|---------------|
| Ownership Cost/Hour: | \$15.82 | NA |
| Operating Cost/Hour: | \$31.49 | 100 |
| Operator Cost/Hour: | \$37.13 | NA |
| Total Unit Cost/Hour: | \$84.44 | |
| Total Fleet Cost/Hour: | \$84.44 | |

MATERIAL QUANTITIESInitial volume: 28

CCY

Swell factor: 1.215Loose volume: 34

LCY

Source of estimated volume: Highwall at 10'H x 10'L, balanced cut and fillSource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Loader Cycle Time: Unadjusted Basic Cycle Time (load, dump, maneuver): 0.475 minutes

| Cycle Time Factors | | Factor (min.) | Source |
|----------------------------|--|---------------|----------|
| Material: | Material 3/4" to 6" diameter 0.00 | 0.000 | (Cat HB) |
| Stockpile: | No adjustment - factor not applicable 0.00 | 0.000 | (Cat HB) |
| Truck Ownership: | No adjustment - factor not applicable 0.00 | 0.000 | (Cat HB) |
| Operation: | Inconsistent operation 0.04 | 0.040 | (Cat HB) |
| Dump Target: | Fragile target 0.05 | 0.050 | (Cat HB) |
| Net Cycle Time Adjustment: | | 0.090 | minutes |
| Adjusted Basic Cycle Time: | | 0.565 | minutes |

Rolling Resistance – Road ConditionsHaul: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0Return: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0**Haul and Return Time**

| | Length (feet) | Grade Res. (%) | Rolling Res. (%) | Total Res. (%) | Travel Time (minutes) | Source |
|---------------|------------------|-------------------|---------------------|-------------------|--------------------------|----------|
| Haul Route: | 200 | 5.00 | 8.00 | 13.00 | 0.2776 | (Cat HB) |
| Return Route: | 200 | -5.00 | 8.00 | 3.00 | 0.1128 | (Cat HB) |

Total Travel Time: 0.3904 minutes
Total Cycle Time: 0.9554 minutes

Load Bucket Capacity

Rated Capacity: 1.50 LCY (heaped)
Bucket Fill Factor: 0.675 Blasted rock - poorly blasted (60 - 75%) 0.675
Adjusted Capacity: 1.01 LCY

Job Condition Correction FactorsSite Altitude: 11920 feet

| | | |
|-----------------|-------------|---------------|
| Altitude Adj: | <u>0.89</u> | Source |
| Job Efficiency: | <u>0.83</u> | (CAT HB) |
| Net Correction: | <u>0.74</u> | (1 shift/day) |
| | | multiplier |

| | | |
|------------------------------------|--------------|----------|
| Unadjusted Hourly Unit Production: | <u>63.59</u> | LCY/Hour |
| Adjusted Hourly Unit Production: | <u>46.97</u> | LCY/Hour |
| Adjusted Hourly Fleet Production: | <u>46.97</u> | LCY/Hour |

JOB TIME AND COST

| | | | | | |
|-------------|----------------|-----------|-----------------|-------------|-------|
| Fleet size: | <u>1</u> | Loader(s) | Total job time: | <u>0.72</u> | Hours |
| Unit cost: | <u>\$1.798</u> | /LCY | Total job cost: | <u>\$61</u> | |

WHEEL LOADER – LOAD AND CARRY WORKTask description: Topsoil replacement, 0.25 acres, 0.5 feet deepSite: Toltec No 2Permit Action: Routine bond updatePermit/Job#: M1984039PROJECT IDENTIFICATIONTask #: 002State: ColoradoAbbreviation: NoneDate: 11/28/2014County: San JuanFilename: M039-002User: WHEAgency or organization name: DRMSHOURLY EQUIPMENT COSTBasic Machine: CAT 446DAttachment 1: ROPS CabHorsepower: 101Shift Basis: 1 per dayData Source: (CRG)Cost Breakdown:

| | | Utilization % |
|------------------------|---------|---------------|
| Ownership Cost/Hour: | \$15.82 | NA |
| Operating Cost/Hour: | \$31.49 | 100 |
| Operator Cost/Hour: | \$37.13 | NA |
| Total Unit Cost/Hour: | \$84.44 | |
| Total Fleet Cost/Hour: | \$84.44 | |

MATERIAL QUANTITIESInitial volume: 202

CCY

Swell factor: 1.125Loose volume: 227

LCY

Source of estimated volume: (43560sf/ac)(0.25ac)(0.5' deep) / 27 = 201.667 cySource of estimated swell factor: Cat HandbookHOURLY PRODUCTIONLoader Cycle Time: Unadjusted Basic Cycle Time (load, dump, maneuver): 0.475 minutes

| Cycle Time Factors | | Factor (min.) | Source |
|----------------------------|--|---------------|----------|
| Material: | Material up to 1/8" diameter 0.02 | 0.020 | (Cat HB) |
| Stockpile: | Dumped by truck 0.02 | 0.020 | (Cat HB) |
| Truck Ownership: | No adjustment - factor not applicable 0.00 | 0.000 | (Cat HB) |
| Operation: | Inconsistent operation 0.04 | 0.040 | (Cat HB) |
| Dump Target: | Fragile target 0.05 | 0.050 | (Cat HB) |
| Net Cycle Time Adjustment: | | 0.130 | minutes |
| Adjusted Basic Cycle Time: | | 0.605 | minutes |

Rolling Resistance – Road ConditionsHaul: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0Return: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0Haul and Return Time

| | Length (feet) | Grade Res. (%) | Rolling Res. (%) | Total Res. (%) | Travel Time (minutes) | Source |
|---------------|------------------|-------------------|---------------------|-------------------|--------------------------|----------|
| Haul Route: | 100 | 0.00 | 8.00 | 8.00 | 0.0951 | (Cat HB) |
| Return Route: | 100 | 0.00 | 8.00 | 8.00 | 0.0951 | (Cat HB) |

Total Travel Time: 0.1902 minutes
Total Cycle Time: 0.7952 minutes

Load Bucket Capacity

Rated Capacity: 1.50 LCY (heaped)
Bucket Fill Factor: 0.900 Other - soil, boulders, roots (80 -100%) 0.900
Adjusted Capacity: 1.35 LCY

Job Condition Correction FactorsSite Altitude: 11920 feet

| | | |
|-----------------|-------------|---------------|
| Altitude Adj: | <u>0.89</u> | Source |
| Job Efficiency: | <u>0.83</u> | (CAT HB) |
| Net Correction: | <u>0.74</u> | (1 shift/day) |
| | | multiplier |

Unadjusted Hourly Unit Production: 101.86 LCY/Hour
Adjusted Hourly Unit Production: 75.24 LCY/Hour
Adjusted Hourly Fleet Production: 75.24 LCY/Hour

JOB TIME AND COST

Fleet size: 1 Loader(s) Total job time: 3.02 Hours
Unit cost: \$1.122 /LCY Total job cost: \$255

REVEGETATION WORKTask description: Revegetate 0.25 acres affected landsSite: Toltec No 2Permit Action: Routine bond updatePermit/Job#: M1984039**PROJECT IDENTIFICATION**Task #: 003State: ColoradoAbbreviation: NoneDate: 11/28/2014County: San JuanFilename: M039-003User: WHEAgency or organization name: DRMS**FERTILIZING****Materials**

| Description | Units / Acre | Unit | Cost / Unit | Cost /Acre |
|--------------------------|-----------------|-------|---|----------------|
| 10-34-0, 18-46-0, 5-10-5 | 200.00 | pound | \$0.33 | \$65.40 |
| | | | Total Fertilizer Materials Cost/Acre | \$65.40 |

Application

| Description | Cost /Acre |
|---|----------------|
| Push rotary spreader (MEANS 32 01 90.13 0110) | \$87.56 |
| Total Fertilizer Application Cost/Acre | \$87.56 |

TILLING

| Description | Cost /Acre |
|--------------------------------------|-------------------|
| Hand raking (MEANS 32 91 13.23 0250) | \$1,219.68 |
| Total Tilling Cost/Acre | \$1,219.68 |

SEEDING

| Seed Mix | Rate - PLS LBS / Acre | Seeds per SQ. FT | Cost /Acre |
|---------------------------------|--------------------------------|------------------------|----------------|
| Bluebunch Wheatgrass - Secar | 4.80 | 15.43 | \$32.83 |
| Intermediate Wheatgrass - Rush | 6.00 | 12.81 | \$13.44 |
| Pubescent Wheatgrass - Luna | 5.60 | 11.57 | \$12.54 |
| Sheep Fescue - Covar | 1.60 | 24.98 | \$5.36 |
| Thickspike Wheatgrass - Critana | 4.40 | 15.56 | \$22.75 |
| Totals Seed Mix | 22.40 | 80.34 | \$86.92 |

Application

| Description | Cost /Acre |
|-------------------------|------------|
| Broadcast seeding [DMG] | \$261.28 |

| | |
|---|-----------------|
| Total Seed Application Cost/Acre | \$261.28 |
|---|-----------------|

MULCHING and MISCELLANEOUS**Materials**

| Description | Units / Acre | Unit | Cost / Unit | Cost /Acre |
|---|-----------------|------|-------------|-----------------|
| Hay, delivered {MEANS 31 25 14.16 1200} | 2.00 | TON | \$265.00 | \$530.00 |
| Total Mulch Materials Cost/Acre | | | | \$530.00 |

Application

| Description | Cost /Acre |
|---|-------------------|
| Hand spread, 1" deep (MEANS 32 91 13.16 0200) | \$2,855.60 |
| Total Mulch Application Cost/Acre | \$2,855.60 |

NURSERY STOCK PLANTING

| Common Name | No / Acre | Type and Size | Planting Cost | Fertilizer Pellet Cost | Cost /Acre |
|---|--------------|---------------|------------------|---------------------------|---------------|
| | | | | | \$ |
| Totals Nursery Stock Cost / Acre | | | | | \$0.00 |

JOB TIME AND COST

No. of Acres: 0.25 Cost /Acre: \$5,106.44
 Estimated Failure Rate: 25% Cost /Acre*: \$5,106.44
 *Selected Replanting Work Items: FERTILIZING,TILLING,SEEDING,MU
LCHING

Initial Job Cost: \$1,276.61
 Reseeding Job Cost: \$319.15
 Total Job Cost: \$1,596
 Job Hours: 8.00

EQUIPMENT MOBILIZATION/DEMobilIZATION

Task description: Haul reclamation equipment to and from job site
 Site: Toltec No 2 Permit Action: Routine bond update Permit/Job#: M1984039

PROJECT IDENTIFICATION

Task #: 004 State: Colorado Abbreviation: None
 Date: 11/28/2014 County: San Juan Filename: M039-004
 User: WHE

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 446D | 9.80 | \$17.31 | \$88.67 | 1 | \$105.98 | \$88.67 | \$250.00 |
| Subtotals: | | | | | \$105.98 | \$88.67 | \$250.00 |

ROADABLE EQUIPMENT:

| Machine Description | Total Cost/hr/ unit | Fleet Size | Haul Trip Cost/hr/ fleet | Return Trip Cost/hr/ fleet |
|--------------------------------|---------------------|------------|--------------------------|----------------------------|
| Light Duty Pickup, 4x4, 3/4 T. | \$96.86 | 1 | \$96.86 | \$96.86 |
| Subtotals: | | | \$96.86 | \$96.86 |

EQUIPMENT HAUL DISTANCE and Time

| | | |
|--|------------------|-------|
| Nearest Major City or Town within project area region: | <u>SILVERTON</u> | |
| Total one-way travel distance: | <u>10.00</u> | miles |
| Average Travel Speed: | <u>20.00</u> | mph |
| Total Non-Roadable Mob/Demob Cost * | <u>\$906.61</u> | |
| ** two round trips with haul rig: | | |
| Total Roadable Mob/Demob Cost ** | <u>\$96.86</u> | |
| ** one round trip, no haul rig: | | |

Transportation Cycle Time:

| | Non-Roadable Equipment | Roadable Equipment |
|-------------------------|---------------------------|-----------------------|
| Haul Time (Hours): | <u>0.50</u> | <u>0.50</u> |
| Return Time (Hours): | <u>0.50</u> | <u>0.50</u> |
| Loading Time (Hours): | <u>0.50</u> | <u>NA</u> |
| Unloading Time (Hours): | <u>0.50</u> | <u>NA</u> |
| Subtotals: | <u>2.00</u> | <u>1.00</u> |

JOB TIME AND COST

Total job time: 4.00 Hours

Total job cost: \$1,003