



## COLORADO

Division of Reclamation,  
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215  
Denver, CO 80203

May 17, 2016

John Clement  
Ouray 79 Mining, LLC  
P.O. Box 1917  
Forney, TX 75126

**Re: Ouray 79 Mining, LLC, Wanakah Mine, Notice of Intent (NOI) No. P-2013-010, MD-1 Notice of Deficiency, Revised Bond Calculation.**

Dear Mr. Clement,

The Division of Reclamation, Mining and Safety (DRMS) has reviewed the Ouray 79 Mining, LLC modification to the Notice of Intent to Conduct Prospecting Operations (NOI), No. P-2013-010, submitted April 25, 2016. The NOI has a few clarifications that need to be addressed in order for the notice to be considered adequate to for approval.

1. Please submit a reclamation bond in the amount of \$21,525.59. Please see enclosed revised reclamation cost estimate. The borehole plugging and abandonment (P&A) estimate is based on the P&A of one 1,000' borehole with bentonite and the additional holes being backfilled and installation of a 3' cement plug. The Division currently holds a bond in the amount of \$14,038.41 therefore an additional \$7,487.18 must be submitted in an approvable form prior to approval of the NOI modification request.

Per Rule 5.3.1(b) the operator shall address all identified deficiencies within 60 days of this notification. Please submit a response to the listed items as soon as possible prior to July 1, 2016 to allow the Division time to review your response. If your response or a written request for an extension is not received by June 17, 2016 the request for the NOI may be denied.

If you need additional information, please contact me at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 S. 3rd St., Suite 301, Grand Junction, Colorado 81501, telephone no. (970) 241-2042.

Sincerely,

Travis Marshall  
Environmental Protection Specialist

ec: Russ Means, DRMS



Mr. John Clement  
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cc: Mike Thompson  
Reardon Steel, LLC  
18050 County Road G  
Cortez, CO 81321

Enclosure(s): Revised Reclamation Cost Estimate

## COST SUMMARY WORK

Task description: Reclamation Cost Estimate for MD-1

Site: Wanakah Mine

Permit Action: MD-1

Permit/Job#: P2013010

### PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 5/2/2016

County: Ouray

Filename: P010-001

User: THM

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Close 15 exploration boreholes	BOREHOLE	1	10.00	\$8,431.05
02a	Safeguard 3 portals with steel gate set in concrete	MINESEAL	1	24.00	\$6,843.00
03a	Revegetate 0.55 acres of affected land	REVEGE	1	8.00	\$2,089.00
04a	Haul reclamation equipment to and from job site	MOBILIZE	1	1.00	\$321.00
<b><u>SUBTOTALS:</u></b>				<b>43</b>	<b>\$17,684</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance: 2.02  
Performance bond: 1.05  
Job superintendent: 0.00  
Profit: 10.00

Total = \$357.22  
Total = \$185.68  
Total = \$0.00  
Total = \$1,768.40

TOTAL O & P = \$2,311.30

CONTRACT AMOUNT (direct + O & P) = \$19,995.30

#### LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00  
Engineering work and/or contract/bid preparation: 0.00  
Reclamation management and/or administration: 5.00

Total = 0.00  
Total = \$0.00  
\$999.77

CONTINGENCY: 3.00 Total = \$530.52

TOTAL INDIRECT COST = \$3,841.59

**TOTAL BOND AMOUNT (direct + indirect) = \$21,525.59**

## BOREHOLE SEALING WORK

Task description: Close 15 exploration boreholes

Site: Wanakah Mine

Permit Action: MD-1

Permit/Job#: P2013010

### PROJECT IDENTIFICATION

Task #: 01A

State: Colorado

Abbreviation: None

Date: 5/2/2016

County: Ouray

Filename: P010-01a

User: THM

Agency or organization name: DRMS

### UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
P&A 1 borehole with bentonite	Bentonite seal - 4 in. (labor, equip, materials)	3	1000	1,000.00	EA	\$8.09	\$8,085.00
15 3' cement plugs	Portland cement grout - 4 in. (labor, equip, materials)	3	45	45.00	LF	\$7.69	\$346.05

Job Hours: 10.00

Total Cost: \$8,431.00

## SAFEGUARDING UNDERGROUND OPENINGS

Task description: Safeguard 3 portals with steel gate set in concrete

Site: Wanakah Mine

Permit Action: MD-1

Permit/Job#: P2013010

### PROJECT IDENTIFICATION

Task #: 02A

State: Colorado

Abbreviation: None

Date: 5/2/2016

County: Ouray

Filename: P010-02a

User: THM

Agency or organization name: DRMS

### UNIT COSTS

Opening Description	Dimensions	Closure Method	Quantity	Unit	Unit Cost	Total Cost
Wanakah Portal	8'H x 4'W	Adit closure - grated door (per opening)	1.00	EA	\$2,281.00	\$2,281.00
SW Portal	8'H x 10'W	Adit closure - grated door (per opening)	1.00	EA	\$2,281.00	\$2,281.00
Bright Diamond Portal	8'H x 4'W	Adit closure - grated door (per opening)	1.00	EA	\$2,281.00	\$2,281.00

Job Hours: 24.00

Total Cost: \$6,843.00

**REVEGETATION WORK**Task description: Revegetate 0.55 acres of affected landSite: Wanakah MinePermit Action: MD-1Permit/Job#: P2013010**PROJECT IDENTIFICATION**Task #: 03AState: ColoradoAbbreviation: NoneDate: 5/2/2016County: OurayFilename: P010-03aUser: THMAgency or organization name: DRMS**FERTILIZING****Materials**

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

**Application**

Description	Cost /Acre
	\$
<b>Total Fertilizer Application Cost/Acre</b>	<b>\$0.00</b>

**TILLING**

Description	Cost /Acre
Hand raking (MEANS 32 91 13.23 0250)	\$1,306.80
<b>Total Tilling Cost/Acre</b>	<b>\$1,306.80</b>

**SEEDING**

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Bluebunch Wheatgrass - Secar	2.00	6.43	\$13.70
Canada Wildrye	2.00	5.28	\$11.98
Mountain Brome - Bromar	7.00	11.25	\$23.87
Slender Wheatgrass - Native	7.00	25.55	\$15.75
Flax, Lewis Blue	2.00	13.27	\$33.10
<b>Totals Seed Mix</b>	<b>20.00</b>	<b>61.78</b>	<b>\$98.40</b>

**Application**

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Description	Cost /Acre
Push spreader (MEANS 32 92 19.14 0020)	\$1,633.50
<b>Total Seed Application Cost/Acre</b>	<b>\$1,633.50</b>

**MULCHING and MISCELLANEOUS****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
<b>Total Mulch Materials Cost/Acre</b>				<b>\$0.00</b>

**Application**

Description	Cost /Acre
	\$
<b>Total Mulch Application Cost/Acre</b>	<b>\$0.00</b>

**NURSERY STOCK PLANTING**

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
<b>Totals Nursery Stock Cost / Acre</b>					<b>\$0.00</b>

**JOB TIME AND COST**

No. of Acres:	0.55	Cost /Acre:	\$3,038.70
Estimated Failure Rate:	25%	Cost /Acre*:	\$3,038.70
*Selected Replanting Work Items: TILLING,SEEDING			
Initial Job Cost:	\$1,671.29		
Reseeding Job Cost:	\$417.82		
Total Job Cost:	\$2,089		
Job Hours:	8.00		

**EQUIPMENT MOBILIZATION/DEMOBILIZATION**Task description: Haul reclamation equipment to and from job siteSite: Wanakah MinePermit Action: MD-1Permit/Job#: P2013010**PROJECT IDENTIFICATION**Task #: 04AState: ColoradoAbbreviation: NoneDate: 5/2/2016County: OurayFilename: P010-04aUser: THMAgency 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
Subtotals:					<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 1 T. Crew	\$107.03	3	\$321.09	\$321.09
Subtotals:			<b>\$321.09</b>	<b>\$321.09</b>



**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	OURAY	
Total one-way travel distance:	5.00	miles
Average Travel Speed:	10.00	mph

Total Non-Roadable Mob/Demob Cost *	\$0.00
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$321.09
** one round trip, no haul rig:	

**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.50	0.50
Return Time (Hours):	0.50	0.50
Loading Time (Hours):	0.00	NA
Unloading Time (Hours):	0.00	NA
Subtotals:	1.00	1.00

**JOB TIME AND COST**

Total job time: 1.00 Hours

Total job cost: \$321