



## COLORADO

Division of Reclamation,  
Mining and Safety

Department of Natural Resources  
1313 Sherman Street, Room 215  
Denver, Colorado 80203

February 03, 2017

Robert Blake  
Mount Falcon Processing, LLC  
33 Sierra Dr.  
La Junta, CO 81050

**Re: Notice of Deficiencies in Notice of Intent to Conduct Prospecting Operations  
Sugar City Mill, File No. P-2017-002**

Mr. Blake:

The Division of Reclamation, Mining and Safety (Division) has completed its preliminary review of your Notice of Intent to Conduct Prospecting Operations (NOI) submitted to the Division on January 18, 2017 for the Sugar City Mill, File No. P-2017-002. The Division has identified the following deficiencies in your NOI that need to be addressed:

- 1) The company name of "Mount Falcon Processing, LLC" which is given in the NOI is not registered with the Colorado Secretary of State. Please register this company name with the State or submit revised NOI documents to include a company name that is registered with the State.
- 2) In Attachment IX – Groundwater Monitoring Program, Table 1 - Recommended Water Quality Testing Parameters (Table 1), you propose excluding seven parameters from CDPHE WQCC's table value standards for the baseline site characterization, including: Antimony, Asbestos, Arsenic, Cyanide, Chlorophenol, Odor, and Phenol. The notes under Table 1 state these parameters are not recommended for the monitoring program because they are not applicable to the milling operation and are not necessary to characterize the local groundwater system. The Division will accept the exclusion of Asbestos, Chlorophenol, Odor, and Phenol. However, the Division does not approve of the exclusion of Antimony, Arsenic, and Cyanide from baseline characterization of the site.

Pursuant to Rule 3.1.6(4), the baseline site characterization data shall be sufficient to ensure that impacts from prospecting will be detected, prior to the initiation of prospecting or mining, including but not limited to, ambient groundwater data sufficient to characterize potentially impacted waters. You indicate that gold, silver, zinc, and lead ore will be processed on site. However, the Division has not yet received geochemical evaluations of the ore to be stored and processed on site. Because antimony and arsenic are known potential contaminants of one or more of the ore types specified, the Division will require the baseline site characterization to include analyses of these parameters.



In previous discussions, you expressed concern that cyanide was used in unpermitted milling activities which may have occurred at the site prior to your acquisition of the land, and you informed the Division that cyanide detection kits were found on site. Therefore, the baseline site characterization should include analysis of cyanide.

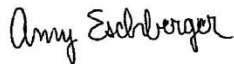
Please submit a revised Table 1 that includes Antimony, Arsenic, and Cyanide in the list of water quality testing parameters.

This concludes the Division's preliminary review of your NOI. Pursuant to Rule 5.1.3(c), the prospector shall address all identified deficiencies within sixty (60) days of the Division's notification. If the NOI deficiencies are not addressed within 60 days, the Division may terminate the NOI file. The deadline for addressing the deficiencies of your NOI is **April 04, 2017**.

Please be informed that no comments on the NOI were received by the Division before the public comment period closed on January 29, 2017.

If you have any questions, please contact me by telephone at 303-866-3567, ext. 8129, or by email at [amy.eschberger@state.co.us](mailto:amy.eschberger@state.co.us).

Sincerely,



Amy Eschberger  
Environmental Protection Specialist

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Wally Erickson, DRMS

