



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Royal Gorge Field Office
3028 East Main Street
Cañon City, Colorado 81212

3809 LLCOF02000
COC 77472

MAR 09 2017

Zephyr Gold USA Ltd. :
Attn: David Felderhof :
1300-1959 Upper Water St. : Surface Management
Purdy's Wharf Tower 1 :
Halifax, Nova Scotia B3J 3N2 :
Canada :

Dear Mr. Felderhof,

Zephyr Gold USA Ltd. provided additional information regarding Notice Modification (MD-3) on February 23, 2017.

Consistent with the surface management regulations at 43 CFR 3809.311(a), the BLM has continued review of Notice MD-3 to determine if it meets the content requirements at 43 CFR 3809.301(b). Based on our review, the following information still needs clarification from Zephyr Gold USA Ltd., in order for BLM to continue processing the Notice:

1. According to the input from Jesik Consulting, the proposal is to construct up to 1,000 total linear feet of rock buttress during reclamation. In Figure 5, this buttress material is portrayed as compacted road ballast, consisting of a clay, gravel fill mix. Please clarify the source for this material and associated management.
2. Figure 4 portrays a road bed that is 11.5 feet wide and partially consists of uncompacted fill material. The design specs for a Cat 324D L Long Reach excavator appear to be oversized for effective and safe utilization on the proposed road design, as based on track width, tail swing radius and counterweight clearance. Please clarify.
3. There appears to be quite a few existing and previous road traces that are not going to be utilized with this modification. Although some segments may exhibit grades that are too steep, others do not. Please ensure all existing and previous road disturbances have been evaluated and deemed not usable for this proposal.

It appears that the entire Notice involves exploration causing approximately 1.5-2 acres of surface disturbance on public lands, which is still less than the 5 acres that would trigger the requirement for a Plan of Operations to be submitted.

Until a complete Notice Modification (or Plan of Operations) is filed with this office, the BLM is unable to determine that your proposed operations will not result in unnecessary or undue degradation as defined under 43 CFR 3809.5.

Required Financial Guarantee – The Colorado Division of Reclamation, Mining and Safety (CDRMS) currently holds a financial guarantee in the amount of \$51,275 for these exploration operations. This office will coordinate with CDRMS on the reclamation cost estimate you provided for this project, once the notice is complete.

The financial guarantee must be redeemable by both the Secretary and the State and BLM must concur in the approval, release, or forfeiture of a financial guarantee for public lands. Therefore, please coordinate with CDRMS to obtain the appropriate paperwork that will include BLM as a co-obligee on the financial guarantee for this operation.

If you have any questions, please contact Stephanie Carter at 719.269.8551.

Sincerely,

A handwritten signature in black ink, appearing to read 'KEB', with a stylized flourish extending to the right.

Keith E. Berger
Field Manager
Royal Gorge Field Office

cc: Angela Bellantoni, Ph.D., EAI
Tim Cazier, CDRMS