



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215

Denver, Colorado 80203

February 20, 2018

Foster Scott
The Turquoise Connection, Inc.
107 Wild Rose Dr.
Cañon City, CO 81212

**RE: Adequacy Review, 110(2) Hardrock Amendment Application (AM-01)
Scott Blue II, Permit No. M-2007-031**

Dear Mr. Scott,

The Division of Reclamation, Mining, and Safety (Division) has reviewed the content of your 110(2) Limited Impact Operation Reclamation Permit Amendment Application (AM-01) for the Scott Blue II operation, File No. M-2007-031, and submits the following comments. **The Division is required to make an approval or denial decision no later than February 26, 2018; therefore, a response to the following adequacy review concerns should be submitted to the Division as soon as possible.** Please respond to this Adequacy Review with a letter summarizing each response, to the numbered items below, in a cover letter titled “Adequacy Review Response, AM-01, M-2007-031”.

The review consisted of comparing the application content with specific requirements of Rules 1, 3, 6.1, 6.2, and 6.3 of the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock/ Metal, and Designated Mining Operations. Any inadequacies are identified under the respective exhibit heading.

GENERAL APPLICATION PROCEDURES

1. As required by Rule 1.6.2, please submit proof of publication in a newspaper of general circulation in the locality of the proposed mining operation.
Proof of publication received on February 15, 2018 is adequate – no further response needed.
2. As required by Rule 1.6.2, please also submit proof of the notice to all owners of record of surface and mineral rights of the affected land and the owners of record of all land surface within 200 feet of the boundary of the affected land; this includes all easement holders located on the affected land and within 200 feet of the boundary of the affected land. Proof of notice may be return receipts of a Certified Mailing or by proof of personal service.
Proof of notice received on February 15, 2018 is adequate – no further response needed.
3. The Division received a comments from Teller County, Colorado Parks and Wildlife, and History Colorado regarding the application. The letters are attached for your review. Please



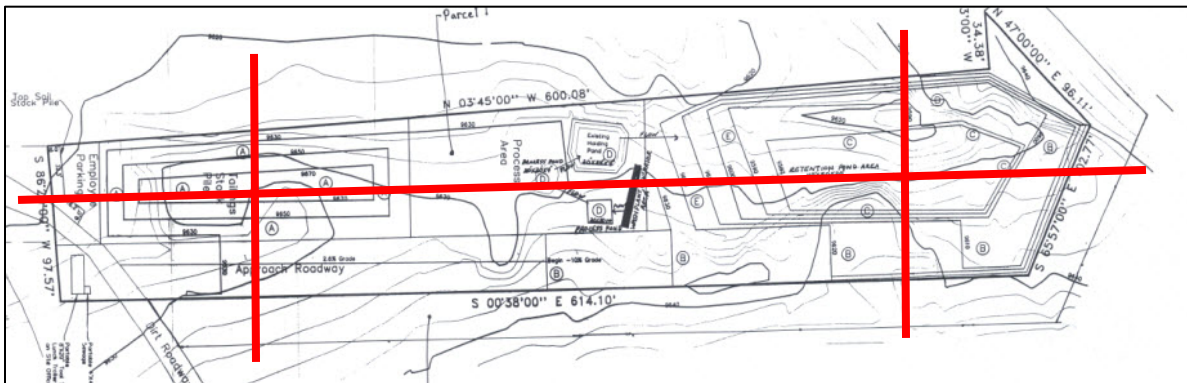
acknowledge and address any comments noted in the letters and make changes to the application as necessary.

6.3 SPECIFIC PERMIT APPLICATION EXHIBIT REQUIREMENTS –110 LIMITED OPERATIONS

Note: To help eliminate the chance for possible confusion, please use *x Horizontal : 1 Vertical* (xH:1V) when discussing slope gradient as a ratio. The Applicant may also reference slope gradient in degrees or percent.

EXHIBIT C - Mining Plan (Rule 6.3.3)

4. Please submit three cross sections, two east-west and one north-south, which depict the off-site lands, permit boundary, pit, and tailings stockpile during the mining operation. Please refer to the image below for the requested alignments of these cross sections.



5. The Exhibit E-3 Mine Map Plan depicts the excavation having 0.25H:1V slopes. In accordance with Rule 6.5(2), the Applicant shall provide an engineering stability analyses for the proposed highwalls which demonstrates off-site areas will not be impacted from potential slope failure. Please note, the Division's acceptable minimum factor of safety is 1.3 for general, assumed, and single test strength measurements. In lieu of providing appropriate engineering stability analyses, the Applicant will need to commit to slopes no steeper than 3H:1V and revise the mining plan and mining plan maps accordingly.
6. The operation includes a holding pond and a retention pond for the on-site processing of the mined material. These ponds are located along the flow path of Cripple Creek and were near maximum capacity during the Division's April 19, 2017 site inspection. The permit file reflects these ponds were filled in 2006 with 186,000 gallons of water purchased from the City of Victor. The permit file does provide details nor a discussion regarding if these ponds are lined. Based on the location of these ponds, the depth of the current operation, and the significant amount of time since purchased water was hauled to the site and placed in the ponds, the Division has concerns this water is actually exposed groundwater, captured storm water, or a mixture of both. Please address the Division's concerns. Pursuant to Rule 3.1.6(1)(a), please contact the Colorado

Division of Water Resources and demonstrate the operation is in compliance with applicable Colorado water laws and regulations governing injury to existing water rights.

EXHIBIT D - Reclamation Plan (Rule 6.3.4)

7. Please provide the reclamation details for Cripple Creek. Please discuss if rip-rap along the length of the drainage channel across the permit boundary or other erosion control measures will be necessary during final reclamation.
8. Similar to the request in Adequacy Item #4, please submit the same three cross sections which depict the final topography as proposed in the reclamation plan and reclamation plan map. The Applicant may want to submit this information on the same cross sections which will show proposed maximum mining topography and proposed final reclamation topography.
9. As required by 6.3.4(2), please provide an estimate of the actual costs to reclaim the site based on what it would cost the State of Colorado using an independent contractor to complete reclamation activities at the point of maximum disturbance. Please differentiate and specify the cost of those activities occurring on the referenced Parcel #1 and Parcel #2. The Division will utilize the operator's estimate, as well as the proposed and approved mining plan and reclamation plane details, to calculate a cost estimate after applicable adequacy items are addressed. The Applicant will be provided copy of the cost estimate for review before the decision date.

EXHIBIT E - Map (Rule 6.3.5)

10. The Exhibit E-3 Mine Map Plan states final slope of all pit walls at the conclusion of reclamation will not exceed 6:1 slopes. Please confirm the maximum gradient of reclaimed slopes is 6H:1V.
11. The Exhibit E-3 Mine Map Plan depicts the tailings stockpile with 0.5H:1V slopes, however, the Applicant has committed to placing tailings stockpile at a 3H:1V slope or gentler. Please revise this map accordingly.

EXHIBIT S - Permanent Man-Made Structures (Rule 6.3.12):

12. The Applicant has identified four structures within 200 feet of the permit boundary, however, has not submitted any of the necessary documents to comply with Rule 6.3.12 for these structures. In accordance with Rule 6.3.12, when any significant, valuable and permanent man-made structure is located within 200 feet of the affected area, the applicant may either:
 - (a) Provide a notarized agreement between the applicant and the person(s) having an interest in the structure, that the applicant is to provide compensation for any damage to the structure; or
 - (b) Where such an agreement cannot be reached, the applicant shall provide an appropriate engineering evaluation that demonstrates that such structure shall not be damaged by activities occurring at the mining operation; or
 - (c) Where such structure is a utility, the Applicant may supply a notarized letter, on utility letterhead, from the owner(s) of the utility that the mining and reclamation activities, as proposed, will have "no negative effect" on their utility.

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This concludes the Division's adequacy review of this application. This letter shall not be interpreted to mean that there are no other technical deficiencies in your application as other issues may arise once additional information is supplied. Please be advised the Scott Blue II amendment application may be deemed inadequate, and the application may be denied on February 26, 2018, unless the above mentioned adequacy review items are addressed to the satisfaction of the Division. **If more time is needed to complete the reply, the Division can grant an extension to the decision date. This will be done upon a request for additional time. This extension request must be received no later than the deadline date.**

If you need additional information or have any questions, please contact me at Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at **303-866-3567 x8132**, or by email at elliott.russell@state.co.us.

Sincerely,



Elliott R. Russell
Environmental Protection Specialist

Enclosure: Teller County comment letter AM01 M2007031
Colorado Parks and Wildlife comment letter AM01 M2007031
History Colorado comment letter AM01 M2007031

Cc: Wally Erickson; Division of Reclamation, Mining & Safety