

August 30, 2018

Mark Mayer
Precision Drilling & Blasting, Inc.
PO Box 189
Alma, CO 80420

Re: Notice of Deficiencies, Pensaukee Lode, File No. P-2018-015

Dear Mr. Mayer:

On August 2, 2018, the Division of Reclamation, Mining and Safety (Division) received your Notice of Intent to Conduct Prospecting Operations (NOI) application for the Pensaukee Lode and assigned it File No. M-2018-015. The Division's review indicates the NOI application contains deficiencies which need to be addressed before the Division can approve the NOI application. Please title your response with "Response to Deficiencies, P-2018-015". You can respond to each item by the respective number below.

1. The Prospector proposes to rehabilitate an old portal and estimates 370 - 1,850 cubic yards of material will be placed in a waste dump below the portal along the contour of the slope. The Division considers this type of activity as development and not prospecting. Pursuant to C.R.S. 34-32-103(8) and (12), development is defined as mining operation and will require a mine reclamation permit in accordance with C.R.S. 34-32-110 or C.R.S. 34-32-112 and thus the Division must deny the NOI as submitted. However, the Prospector may either withdraw the NOI application and submit a mine reclamation permit application OR revise the NOI application to exclude the rehabilitation of the old portal. After conversations with the Prospector, it appears the NOI will be revised to include the test pit, drilling program, and associated roads. The Division has continued review of the NOI regarding those activities with the understanding the NOI will be revised accordingly.
2. The NOI application contains numerous inconsistencies between Form 1 (DRMS use and Confidential File) and Form 2 (Public File) which need to be corrected and clarified. After further review, the two forms are nearly identical except for the numerous inconsistencies and it appears these are associated with non-confidential type information. The Prospector may want to formally withdraw Form 1 and make Form 2 the sole NOI file for the record and therefore avoid having to correct the inconsistencies.
3. The quarter-quarter location information is not identified on Page 2 of the application. Please submit a replacement page 2 of the application with the quarter-quarter identified for the center of the area where the activities will occur.
4. The NOI application does not include a reclamation seed mixture for these areas which need revegetation as a part of the reclamation plan. Division recommends the Prospector contact the local Natural Resources Conservation Service office to obtain an NRCS recommended seed mixture for the specific area.
5. Please specify the number of acres to be seeded and how the seed mixture will be seeded (drill, broadcast, hydroseed, etc.).



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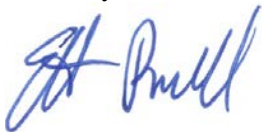
6. Please clarify if other reclamation measures to be taken to reclaim the affected land bedsides topsoil replacement and re-seeding (tilling, mulching, fertilizing, etc.).
7. The Application proposes to leave the road as a permanent feature after prospecting is completed. Please submit engineering designs for the road and a geotechnical stability analysis which demonstrates the road, as designed, will be stable. Please refer to Rule 6.5(2) and (3) for geotechnical stability analysis details. After conversations with the Prospector, it appears the NOI will be revised to propose this as a temporary road which will be reclaimed at the completion of the drilling program. The Division has continued review of the NOI with the understanding the NOI will be revised accordingly.
8. On Page 13, the Prospector certified that notice was sent to the local Board of County Commissioners. Please provide proof of such notice. Proof may be submitted in the form of a copy of the notice and certified mail return receipt (green card), a date-stamped notice demonstrating receipt by the Board of County Commissioners, or appropriate written correspondence from the Board of County Commissioners acknowledging the NOI.
9. Please discuss the access to the location of the NOI activities. Please address any access permit, licenses, approvals, written agreements, easements, etc. which are held or will be sought prior to further activities.

Please note, in accordance with Rule 4.2.6(1) a reclamation cost estimate will be calculated to determine the required financial warranty for the NOI after the Division receives the responses to this deficiency notice. The Prospector will have an opportunity to review the cost estimate prior to the NOI approval.

This concludes the Division's review of this NOI application. This letter shall not be interpreted to mean that there are no other technical deficiencies in the NOI application as other issues may arise when additional information is supplied. **Be advised that if these items have not been addressed within 60 days of the date of this letter, due on or before October 29, 2018, the Division may terminate the NOI application.**

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

Cc: Michael Cunningham with Division of Reclamation, Mining & Safety