

June 11, 2020

Jake Wilkinson  
CRG Mining, LLC  
510 S. Wisconsin Street  
Gunnison, CO 81230



1313 Sherman Street, Room 215  
Denver, CO 80203

***RE: Carter-Raymond Exploration Project, File No. P-2019-011, Surety Reduction Request (SR-01)  
Approval***

Mr. Wilkinson:

The Division of Reclamation, Mining and Safety (Division) has approved your Surety Reduction Request (SR-01). Considering changes to the prospecting plan which were approved through MD-01, staff calculated an estimate (copy enclosed) of the actual current cost to complete reclamation at the site and determined that an adequate financial warranty shall be an amount of \$19,575.00. The financial warranty amount currently held by the Division is \$50,590.00. This is a reduction of \$31,015.00.

According to Rule 1.4.11(1)(b), the Division must wait 30 days from the date of this letter, before releasing the financial warranty amount of \$31,015.00, in order to address any comments or objections to this decision. If you have not received the financial and performance warranties by July 17, 2020, please contact our office.

If you require additional information, or have questions or concerns, please contact me.

Sincerely,

***Dustin Czapla***  
Environmental Protection Specialist  
Division of Reclamation, Mining and Safety  
Phone: (303) 866-3567, ext. 8188



## COST SUMMARY WORK

Task description: MD-1 Update

**Carter - Raymond**  
Site: Exploration

Permit Action:

2020-05-06 MD-1

Permit/Job#: P2019011

### PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 5/6/2020

County: Gunnison

Filename: 000

User: DMC

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Seal boreholes	BOREHOLE	1	24.00	\$8,996
02a	Final grading drill pads, backfill trenches	LOADER	1	24.87	\$2,527
03a	Revegetate disturbed areas	REVEGE	1	8.00	\$2,112
04a	Mobilize reclamation crew/equipment	MOBILIZE	1	4.85	\$959
<b><u>SUBTOTALS:</u></b>				<b>61.72</b>	<b>\$14,594</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance: 2.02

Total = \$295

Performance bond: 1.05

Total = \$153

Job superintendent: 30.86

Total = \$2,141

Profit: 10.00

Total = \$1,459

TOTAL O & P = \$4,049

CONTRACT AMOUNT (direct + O & P) = \$18,643

#### LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0

Total = \$0

Engineering work and/or contract/bid preparation: 0.00

Total = \$0

Reclamation management and/or administration: 5.00

\$932

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$4,981

**TOTAL BOND AMOUNT (direct + indirect) = \$19,575**

## BOREHOLE SEALING WORK

Task description: Seal boreholes

**Carter - Raymond**  
Site: Exploration

Permit Action:

2020-05-06 MD-1

Permit/Job#: P2019011

### PROJECT IDENTIFICATION

Task #: 01A  
Date: 5/6/2020  
User: DMC

State: Colorado  
County: Gunnison

Abbreviation: None  
Filename: P011-01a

Agency or organization name: Deep End Solutions

### UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
Boreholes (3)	Portland cement grout - 4 in. (labor, equip, materials)	4	600	1,800.00	LF	\$5.00	\$8,996.40

Job Hours: 24.00

Total Cost: \$8,996.00

**WHEEL LOADER – LOAD AND CARRY WORK**Task description: **Final grading drill pads, backfill trenches**

Site: **Carter - Raymond** Permit Action: **Exploration** 2020-05-06 MD-1 Permit/Job#: P2019011

**PROJECT IDENTIFICATION**

Task #: 02A State: Colorado Abbreviation: None  
 Date: 5/6/2020 County: Gunnison Filename: P011-02a  
 User: DMC

Agency or organization name: **Deep End Solutions****HOURLY EQUIPMENT COST**

Basic Machine: CAT 450E Horsepower: 101  
 Attachment 1: ROPS Cab Shift Basis: 1 per day  
 Data Source: (CRG)

**Cost Breakdown:**

		Utilization %
Ownership Cost/Hour:	\$29.73	NA
Operating Cost/Hour:	\$31.22	100
Operator Cost/Hour:	\$40.65	NA
Total Unit Cost/Hour:	\$101.60	
Total Fleet Cost/Hour:	\$101.60	

**MATERIAL QUANTITIES**

Initial volume: 2,500 CCY Swell factor: 1.000  
 Loose volume: 2,500 LCY

Source of estimated volume: Division of Reclamation, Mining & Safety  
 Source of estimated swell factor: Cat Handbook

**HOURLY PRODUCTION**

**Loader Cycle Time:** Unadjusted Basic Cycle Time (load, dump, maneuver): 0.475 minutes

Cycle Time Factors		Factor (min.)	Source
Material:	Mixed material 0.02	0.020	(Cat HB)
Stockpile:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Truck Ownership:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Operation:	Inconsistent operation 0.04	0.040	(Cat HB)
Dump Target:	Nominal target 0.00	0.000	(Cat HB)
Net Cycle Time Adjustment:		0.060	minutes
Adjusted Basic Cycle Time:		0.535	minutes

**Rolling Resistance – Road Conditions**

Haul: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0  
 Return: Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0

**Haul and Return Time**

	Length (feet)	Grade Res. (%)	Rolling Res. (%)	Total Res. (%)	Travel Time (minutes)	Source
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Haul Route:	25	0.00	8.00	8.00	0.0238	(Cat HB)
Return Route:	25	0.00	8.00	8.00	0.0238	(Cat HB)

Total Travel Time: 0.0476 minutes  
Total Cycle Time: **0.5826** minutes

Load Bucket Capacity

Rated Capacity: 1.50 LCY (heaped)  
Bucket Fill Factor: 0.825 Blasted rock - avg. blasted (75 - 90%) 0.825  
Adjusted Capacity: **1.24** LCY

Job Condition Correction Factors

Site Altitude: 10000 feet

Altitude Adj:	<u>0.95</u>	Source (CAT HB)
Job Efficiency:	<u>0.83</u>	(1 shift/day)
Net Correction:	<u>0.79</u>	multiplier

Unadjusted Hourly Unit Production: 127.46 LCY/Hour  
Adjusted Hourly Unit Production: 100.50 LCY/Hour  
Adjusted Hourly Fleet Production: **100.50** LCY/Hour

**JOB TIME AND COST**

Fleet size: 1 Loader(s) Total job time: **24.88** Hours  
Unit cost: \$1.011 /LCY Total job cost: **\$2,527**

**REVEGETATION WORK**Task description: Revegetate disturbed areasSite: Carter - Raymond  
Exploration

Permit Action:

2020-05-06 MD-1Permit/Job#: P2019011**PROJECT IDENTIFICATION**Task #: 03AState: ColoradoAbbreviation: NoneDate: 5/6/2020County: GunnisonFilename: P011-03aUser: DMCAgency or organization name: Deep End Solutions**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
	\$
<b>Total Tilling Cost/Acre</b>	<b>\$0.00</b>

**SEEDING**

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Alpine Fescue	6.00	179.06	\$108.60
Canby Bluegrass - Canbar	5.00	106.29	\$51.25
Sainfoin - Remont	3.00	1.31	\$9.48
Penstemon, Rocky Mountain	1.00	15.67	\$29.50
<b>Totals Seed Mix</b>	<b>15.00</b>	<b>302.34</b>	<b>\$198.83</b>

**Application**

Description	Cost /Acre
Broadcast seeding [DMG]	\$267.22
<b>Total Seed Application Cost/Acre</b>	<b>\$267.22</b>

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

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$295.00	\$590.00
<b>Total Mulch Materials Cost/Acre</b>				<b>\$590.00</b>

**Application**

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$70.17
<b>Total Mulch Application Cost/Acre</b>	<b>\$70.17</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: 1.5 Cost /Acre: \$1,126.22  
 Estimated Failure Rate: 25% Cost /Acre\*: \$1,126.22  
 \*Selected Replanting Work Items: SEEDING, MULCHING

Initial Job Cost: **\$1,689.33**  
 Reseeding Job Cost: **\$422.33**  
 Total Job Cost: **\$2,112**  
 Job Hours: **8.00**

**EQUIPMENT MOBILIZATION/DEMOBILIZATION**Task description: **Mobilize reclamation crew/equipment**Site: **Carter - Raymond  
Exploration**

Permit Action:

2020-05-06 MD-1Permit/Job#: P2019011**PROJECT IDENTIFICATION**Task #: 04AState: ColoradoAbbreviation: NoneDate: 5/6/2020County: GunnisonFilename: P011-04aUser: DMCAgency or organization name: Deep End Solutions**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:	\$17.20	\$29.63	\$38.69
Operating Cost/Hour:	\$26.56	\$47.02	\$55.69
Operator Cost/Hour:	\$23.63	\$23.63	\$23.63
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$67.39	\$123.81	\$141.54

**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
CAT 450E	9.80	\$29.73	\$67.39	1	\$97.12	\$67.39	\$250.00

Subtotals: **\$97.12** **\$67.39** **\$250.00****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	\$20.93	1	\$20.93	\$20.93

Subtotals: **\$20.93** **\$20.93**



**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	<u>GUNNISON</u>	
Total one-way travel distance:	<u>25.00</u>	miles
Average Travel Speed:	<u>35.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$929.25</u>
'* two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$29.90</u>
** one round trip, no haul rig:	

**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>0.71</u>	<u>0.71</u>
Return Time (Hours):	<u>0.71</u>	<u>0.71</u>
Loading Time (Hours):	<u>0.50</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.50</u>	<u>NA</u>
Subtotals:	<u>2.43</u>	<u>1.43</u>

**JOB TIME AND COST**

Total job time:	<u>4.86</u>	Hours
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Total job cost:	<u>\$959</u>
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