

STATE OF
COLORADO

Eschberger - DNR, Amy <amy.eschberger@state.co.us>

Formal request for the removal of Cease and Desist

Daniel Takami <danieltakami@gmail.com>

Fri, Apr 29, 2022 at 3:37 PM

To: "Eschberger - DNR, Amy" <amy.eschberger@state.co.us>, Patrick Lennberg - DNR <patrick.lennberg@state.co.us>, Richard Mittasch <rmittasch@nedmining.com>, Sergio Rivera <sergio.rivera@novametallix.com>

Amy/Patrick,

Please take this letter as our formal request from Grand Island Resources LLC for the removal of the Cease and Desist order given to us on 15 December 2021. Thank you for your time and consideration of this request.

Respectfully,

Daniel J. Takami

President, Sustainable Metal Solutions, LLC
President, Nederland Mining Consultants Inc.
President, Grand Island Resources, LLC
danieltakami@gmail.com
501.256.4444



GIR to DRMS Letter requesting removal of Cease and Desist Order 4.29.22 v2.pdf

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April 28, 2022

Division of Reclamation, Mining and Safety
c/o Ms. Amy Eschberger
1001 E. 62nd Avenue
Room 215
Denver, CO 80216

Re: Request for Removal of Cease and Desist Order

Dear Ms. Eschberger:

Grand Island Resources, LLC (“GIR” or the “Operator”) hereby respectfully requests the removal of the Colorado Mined Land Reclamation Board’s (the “Board”) Cease and Desist Order and Corrective Actions Order. GIR believes that it has satisfied all the Board’s Mandated Corrective Actions.

On February 18, 2022, the Board issued to GIR its Findings of Fact, Conclusions of Law and Order (attached hereto as Appendix A) on the matter of Notice of Violation No. MV-2021-017 brought before the Board by the Division of Reclamation, Mining and Safety (“DRMS”) on December 15, 2021 regarding possible violation by the Operator, Civil Penalties, Cease and Desist Order and Corrective Actions for Failure to Minimize Disturbances to the Prevailing Hydrologic Balance, File No. M-1977-410.

The Board found GIR in violation of section 34-32-116(7)(g), C.R.S. and Rule 3.1.6(1).

GIR has addressed the Corrective Actions Mandated by the Board, as follows:

1.1. CEASE AND DESIST

BOARD ORDER: The Operator shall Cease and Desist any further activities underground, except for those activities approved by the Division, in writing, as necessary to comply with the conditions of the Order, protect water quality, prevent damage to off-site areas, complete reclamation, or to protect public health and safety, until all the corrective actions have been resolved to the satisfaction of the Division.

OPERATOR’S ACTIONS: The Operator has taken the following actions:

1.1.1. Underground Exploration and Ore Production Activities

The operator stopped all activities on November 30, 2021.

1.1.2. DRMS Approved Activities

On December 21, 2021, the Operator requested, in written form, approval from DRMS to conduct 17 specific underground activities considered by the Operator to be most pressing to comply with the intent of the Cease and Desist Order.

The Operator is in frequent communications with DRMS and continues to request approval for underground activities that are considered essential by the Operator for continued compliance with the Cease and Desist Order.

1.2. CORRECTIVE ACTIONS

1.2.1. Board Ordered Corrective Action #1 - Technical Revision Water Treatment Modifications

On February 28, 2022, the Operator filed with DRMS a Request for Technical Revision (TR-10) in response to a Service of Notice of Violation/Cease and Desist Order (Number IO-211130-1) from Colorado Department of Public Health and Environment (“CDPHE”) dated November 30, 2021, in conjunction with Permit No. M-1977-410.

TR-10 describes the Water Treatment Pilot System currently in operation at the site, including additional equipment to increase the current treatment capacity; water quality results and performance of the current system; a Ground Water Monitoring Plan (GWMP) and a Surface Water Monitoring Plan (SWP) as required by the NOV/C&D Order. In addition, measures that were taken and are further proposed at the site to address water quality baseline data collection.

DRMS issued to the Operator on March 25, 2022, a Preliminary Adequacy Review Letter (Cross Gold Mine, Permit No. M-1977-410, Technical Revision No. 10 (TR-10)). The Preliminary Adequacy Review Letter from DRMS presented 27 main topics and 29 subtopics requiring clarification and/or additional information from the Operator and, given that a decision date was set for April 28, 2022, the Operator requested an extension from DRMS (Appendix C-3).

- DRMS granted the extension to April 28, 2022, via written notification.
- The Operator submitted to DRMS its responses to the Preliminary Adequacy Review Letter on April 20, 2022.
- DRMS issued to the Operator on April 22, 2022, Adequacy Letter #2.
- The Operator submitted to DRMS its responses to Adequacy Letter # 2 on April 27, 2022.
- DRMS issued to the Operator on April 28, 2022, Adequacy Letter # 3.
- The Operator responded to DRMS’ Adequacy Letter # 3 on April 28, 2022.
- DRMS issued to the Operator on April 28, 2022, Adequacy Letter #4 wherein DRMS approved TR-10.

1.2.2. Board Mandated Corrective Action #2 -Financial Warranty to Operate the Water Treatment System

On March 16, 2022, the Operator filed with DRMS a Financial Warranty Check for Deposit in the State Treasury Form, Check No. 1025 in the amount of \$162,841.00, and Check No. 1026 for \$326,001.00 submitted by the Operator to DRMS on March 21, 2022 and April 14, 2022.

As a result of the Operator’s responses to Board Mandated Corrective Action #1, on April 28, 2022, DRMS increased the Water Treatment Financial Warranty to \$180,939.00.

By June 27, 2022, the Operator will submit to the State Treasury a check for \$18,098.00 to bond the additional Financial Warranty estimated by DRMS.

1.2.3. Board Mandated Corrective Action # 3 - Written Quarterly Report

On March 30, 2022, the Operator issued the First Quarterly Report (Q1 2022) to the Board.

1.2.4. Board Mandated Corrective Action #4 - Appear Before the MLRB – December 2022

Hearing date to be scheduled by the Board.

1.2.5. Board Order Financial Fine for Violations

On March 21, 2022, the Operator issued to DRMS a check for \$5,000.00 as payment to the Board in full satisfaction

of the ordered financial fine for the violations.

GIR remains in full compliance with its reporting with WQCD for the month of March 2022, along with the months of January 2022 and February 2022. Preliminary results from April 2022 shows GIR to be in full compliance.

GIR, its directors, management, and technical personnel appreciate the approval by DRMS of TR-10 and takes the opportunity to emphasize its commitment to the development of a mining operation that is compliant with all applicable regulatory framework. GIR's staff has been working diligently and tirelessly to address the temporary shortcomings faced by the operation. GIR has committed the necessary financial and personnel resources required to implement measures to ensure that the violations cited by the Board are remedied and that they do not occur in the future and looks forward to continuing exploring and identifying the metal resources contained within its mining district and advancing the development of GIR's mining operation.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Daniel J. Takami". The signature is fluid and cursive, with a small dot at the end.

Daniel Takami, President
Grand Island Resources, LLC