



## Department of Energy

Washington, DC 20585

September 21, 2022

OLM-PR-2022-067

Via email: [don@doncoram.com](mailto:don@doncoram.com)

Mr. Don Coram, Sr., President  
Gold Eagle Mining, Inc.  
PO Box 3007  
Montrose, CO 81401

Subject: Gold Eagle Mining, Inc. Bonding Response

Dear Mr. Coram:

The Department of Energy (DOE), Office of Legacy Management (LM) received your estimate (proposal) for a reduction in previously issued reclamation costs at three of your lease tracts on August 18. As a result of your proposal and our in-person meeting held August 11, LM has reviewed the previous bonding amounts set forth in our letter dated July 11. Your proposal indicates that Gold Eagle Mining, Inc. (GEMI) will complete several maintenance activities as described below no later than October 31. Please review the contents of this letter carefully and provide proof of bonding/surety to my attention by December 1. The total amount due if all bond reduction options are completed would be \$97,877.

As you requested during our meeting on August 11, the total area of pocking and seeding for the New Ellison mine was limited to the regraded slope, reducing the required pocking and seeding area from 1.47 acres to 0.6 acres. This reduction is allowable as GEMI owns the surface rights to this parcel of the lease tract. Additionally, based on the current site conditions, the trash removal allowances for the New Ellison and Burro Tunnel mines were removed from the updated cost estimate. GEMI is cautioned that the trash removal allowances may be required again in the future if the site conditions deteriorate.

Also, as you requested, LM evaluated the Project Contingency and Support Cost factors applied in the bond calculations. Based upon further review by LM's cost estimator, the project contingency was reduced from 20% to 5% based upon stabilizing market conditions. The estimator also reviewed the Support Cost factor (aka Management & Oversight) and recommended it be maintained at 30%.

Table 1 located on the enclosed Exhibit A, and becoming a part hereof, summarizes the total bond due by GEMI if no maintenance activities are completed on your lease tracts by October 31. Tables 2 – 4 of Exhibit A, detail the proposed reductions listed in paragraphs two and three in this letter.

As stated in your letter dated August 18, GEMI plans to undertake several maintenance items this fall to further reduce the total bond amount. Please see Tables 5 – 7 on page two of Exhibit A. They address the line items you indicated an interest in completing for the corresponding reduction in the required bond. LM reminds GEMI that LM's policy is to hold a \$5,000 bond for all unclaimed permits. If GEMI accomplishes all the tasks listed under Burro Tunnel mine, the bond required will be reduced to the minimum required, \$5,000. The potential bond amount is dependent on the maintenance items being completed by GEMI no later than October 31. This work must also be completed to the satisfaction of LM. If a line item is not completed by October 31, the value of the line item will be added back into the revised bond, including the Oversight Rate. Proof of bonding is due to LM no later than December 1. If there are any questions about this process, please do not hesitate to ask.

As GEMI requested, LM evaluated the use of 14 yd<sup>3</sup> pan scrapers in place of front-end loaders, specifically at the New Ellison mine for laying back the waste rock pile as well as transporting topsoil from the topsoil stockpile to the waste rock pile. LM determined pan scrapers, though more efficient than front end loaders at moving material, are more expensive to procure. Based upon cycling calculations and quoted rental prices, LM determined a pan scraper would be as expensive if not more expensive than a front-end loader in this scenario. LM has elected to retain the front-end loader for this cost estimate. During reclamation, GEMI may use whatever approved equipment they so choose for the work to be completed.

LM has provided these revised amounts to the Colorado Division of Reclamation, Mining and Safety and received their concurrence. Please provide notice to Brian Mangan of our contractor staff upon completion of the above-referenced work prior to October 31 and provide the proof of bonding/surety to my attention by December 1.

Please contact me at (970) 248-6039 or [Polly.Robinson@lm.doe.gov](mailto:Polly.Robinson@lm.doe.gov) or contact Brian Mangan at (970) 248-6385 or [Brian.Mangan@lm.doe.gov](mailto:Brian.Mangan@lm.doe.gov) of my contractor staff, if you have any questions or concerns. Please address any correspondence to:

U.S. Department of Energy  
Office of Legacy Management  
2597 Legacy Way  
Grand Junction, CO 81503

Sincerely,



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Polly Robinson  
Realty Officer

Enclosure

cc w/enclosure via email:  
Vincent Beresford, BLM-UFO  
Connie Clementson, BLM-TRFO  
Chris Krassin, BLM-TRFO  
Dustin Czapla, CO DRMS  
Lucas West, CO DRMS  
William Burns, DOE-LM  
Gordon Clark, DOE-LM  
Ian Shafer, DOE-LM  
April Ayers, RSI  
Miquette Gerber, RSI  
Suzie Jo Herrera, RSI  
Thomas Johnson, RSI  
Brian Mangan, RSI  
Nelcy Trickey, RSI  
Ann K. Wei, RSI  
DOE Read File  
F/20/332

Exhibit A

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*Table 1: Total Bond Due without completing maintenance items*

Mine Name	DRMS Permit Number	Lease Number	Amount Due
Burro Tunnel	M1977297	DE-RO01-19LM70240	\$ 10,622.98
New Ellison	M1978342	DE-RO01-19LM70240	\$ 26,282.33
JD-5	M1977248	DE-RO01-19LM70253	\$ 90,120.67
<b>Total:</b>			<b>\$ 127,025.98</b>

The following tables below also detail the proposed reductions listed in paragraphs 2 and 3 of this letter.

*Table 2: Burro Tunnel Reductions Detail*

Burro Tunnel Detail	June Bond	August Bond	Delta	Line-Item Total
Overall Oversight Rate Reduction	\$ 12,560.18	\$ 11,304.16	\$ (1,256.02)	\$ (1,256.02)
Trash Removal Allowance	\$ 504.57	\$ -	\$ (504.57)	\$ (681.18)
<i>Oversight Rate</i>	\$ 176.61	\$ -	\$ (176.61)	
September 2022 Total				\$ 10,622.98

*Table 3: New Ellison Reductions Detail*

New Ellison Detail	June Bond	August Bond	Delta	Line-Item Total
Overall Oversight Rate Reduction	\$ 34,696.03	\$ 31,226.43	\$ (3,469.60)	\$ (3,469.60)
Trash Removal Allowance	\$ 703.23	\$ -	\$ (703.23)	\$ (949.36)
<i>Oversight Rate</i>	\$ 246.13	\$ -	\$ (246.13)	
Surface Pocking	\$ 1,198.56	\$ 486.70	\$ (711.86)	\$ (961.01)
<i>Oversight Rate</i>	\$ 419.50	\$ 170.35	\$ (249.15)	
Seeding	\$ 3,797.01	\$ 1,549.80	\$ (2,247.21)	\$ (3,033.73)
<i>Oversight Rate</i>	\$ 1,328.95	\$ 542.43	\$ (786.52)	
September 2022 Total				\$ 26,282.33

*Table 4: JD-5 Reductions Detail*

JD-5 Detail	June Bond	August Bond	Delta	Line-Item Total
Overall Oversight Rate Reduction	\$100,133.67	\$ 90,120.67	\$ (10,013.00)	\$ (10,013.00)
September 2022 Total				\$ 90,120.67

Exhibit A

(Page 2)

*Table 5: Burro Tunnel Bond Reduction Options*

<b>Burro Tunnel</b>	<b>June Bond</b>	<b>Oversight Rate</b>	<b>Line-Item Total</b>
Vent Shaft Sealing	\$ 3,292.17	\$ 1,152.25	\$ 4,444.42
Timber Loadout Removal	\$ 1,717.65	\$ 601.18	\$ 2,318.83
Total Potential Reduction - 2022			\$ 6,763.25

*Table 6: JD-5 Bond Reduction Options*

<b>JD-5</b>	<b>June Bond</b>	<b>Oversight Rate</b>	<b>Line-Item Total</b>
Shaft Closure	\$ 9,912.46	\$ 3,470.01	\$ 13,382.47
Vent Shaft Sealing	\$ 3,122.42	\$ 1,092.85	\$ 4,215.27
General Trash Removal	\$ 4,390.80	\$ 1,538.00	\$ 5,928.80
Total Potential Reduction - 2022			\$ 23,526.54

*Table 7: Total Bonding Amounts due if all Bond Reduction Options are Completed*

<b>Burro Tunnel</b>	\$ 5,000
<b>New Ellison</b>	\$ 26,282
<b>JD-5</b>	\$ 66,595
<b>Possible Total Due to LM</b>	\$ 97,877