

May 9, 2023

Stephen Glass
Gault Group, LLC
5223 N. 24th Street, #201
Phoenix, AZ 85016



1313 Sherman Street, Room 215
Denver, CO 80203

***RE: La Plata Project, File No. P-2020-011, Prospecting NOI Modification (MD-02)
Financial Warranty Request***

Mr. Glass:

The Division of Reclamation, Mining and Safety (Division) has reviewed your NOI Modification application (MD-02). The application proposes drilling six additional holes from a single location. The application states that no more than one hole will be left un-reclaimed at any given time. The financial warranty amount that was set for this operation in 2020 was based on this commitment. The same figures were used to update the MD-02 reclamation cost estimate based on current costs.

The amount of financial warranty set by the Division for this operation is \$5,382.00. This is a \$339.00 increase over the existing \$5,043 financial warranty. Please submit additional financial warranty in the amount of \$339.

The required financial warranty, in the amount of \$5,382, must be accepted by the Division prior to entry upon the lands for the purpose of the prospecting proposed in the MD-02 application. Please note that the Division may terminate the MD-02 application if the Financial Warranty is not received within sixty days.

Please make arrangements with Sara Stevenson-Benn at the Division of Reclamation, Mining and Safety Denver Office, phone no. 303.866.3567, ext. 8148 or sara.stevenson-benn@state.co.us for submittal of the financial warranty. Any questions regarding completion, execution and/or submittal of financial and/or performance warranty forms should also be directed to Mrs. Stevenson-Benn.

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: Reclamation Cost Estimate

Site: La Plata Project Permit Action: NOI Reclamation Cost Estimate Permit/Job#: P2020011

PROJECT IDENTIFICATION

Task #: 001 State: Colorado Abbreviation: None
Date: 5/9/2023 County: La Plata Filename: P011-001
User: DMC
Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

| Task | Description | Form Used | Fleet Size | Task Hours | Cost |
|--------------------------|-----------------------------------|-----------|------------|--------------|----------------|
| 01a | Borehole Plugging and Abandonment | BOREHOLE | 1 | 8.00 | \$2,757 |
| 02a | Mobilization | MOBILIZE | 1 | 5.42 | \$1,405 |
| <u>SUBTOTALS:</u> | | | | 13.42 | \$4,162 |

INDIRECT COSTS

OVERHEAD AND PROFIT:

| | | | |
|----------------------|-------|------------------------------------|----------------|
| Liability insurance: | 2.02 | Total = | <u>\$84</u> |
| Performance bond: | 1.05 | Total = | <u>\$44</u> |
| Job superintendent: | 4.00 | Total = | <u>\$301</u> |
| Profit: | 10.00 | Total = | <u>\$416</u> |
| | | TOTAL O & P = | <u>\$844</u> |
| | | CONTRACT AMOUNT (direct + O & P) = | <u>\$5,006</u> |

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

| | | | |
|--|-------------|---------|--------------|
| Financial warranty processing (legal/related costs): | <u>\$0</u> | Total = | <u>\$0</u> |
| Engineering work and/or contract/bid preparation: | <u>0.00</u> | Total = | <u>\$0</u> |
| Reclamation management and/or administration: | <u>5.00</u> | | <u>\$250</u> |

CONTINGENCY: 3.00 Total = \$125

TOTAL INDIRECT COST = \$1,220

TOTAL BOND AMOUNT (direct + indirect) = \$5,382

BOREHOLE SEALING WORK

Task description: Borehole Plugging and Abandonment

Site: La Plata Project Permit Action: NOI Reclamation Cost Estimate Permit/Job#: P2020011

PROJECT IDENTIFICATION

Task #: 01A State: Colorado Abbreviation: None
Date: 5/9/2023 County: La Plata Filename: P011-01a
User: DMC
Agency or organization name: DRMS

UNIT COSTS

| Borehole Description | Sealing/Item Method | Diameter | Length | Quantity | Unit | Unit Cost | Total Cost |
|----------------------|---|----------|--------|----------|------|-----------|------------|
| Borehole P&A | Portland cement grout - 4 in. (labor, equip, materials) | 3.83 | 80 | 80.00 | LF | \$5.55 | \$444.00 |
| Plugs | Stainless steel plug - 4 in. diameter borehole | 3.83 | NA | 4.00 | EA | \$88.34 | \$353.36 |
| Labor | USER PROVIDED ITEM | NA | NA | 8.00 | hour | \$245.00 | \$1,960.00 |

Job Hours: 8.00 Total Cost: \$2,757.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mobilization**

Site: **La Plata Project** Permit Action: **NOI Reclamation Cost Estimate** Permit/Job#: **P2020011**

PROJECT IDENTIFICATION

Task #: **02A** State: **Colorado** Abbreviation: **None**
 Date: **5/9/2023** County: **La Plata** Filename: **P011-02a**
 User: **DMC**

Agency or organization name: **DRMS****EQUIPMENT TRANSPORT RIG COST**

Shift basis: **1 per day**
 Cost Data Source: **CRG Data**

Truck 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:**

| Available Rig Capacities | 0-25 Tons | 26-50 Tons | 51+ Tons |
|---------------------------------|------------------|-------------------|-----------------|
| Ownership Cost/Hour: | \$15.25 | \$23.06 | \$37.58 |
| Operating Cost/Hour: | \$25.26 | \$30.83 | \$51.41 |
| Operator Cost/Hour: | \$27.71 | \$27.71 | \$27.71 |
| Helper Cost/Hour: | \$0.00 | \$20.22 | \$20.22 |
| Total Unit Cost/Hour: | \$68.22 | \$101.82 | \$136.92 |

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 |
|-------------------------------|---------------------|--------------------------|-----------------------|------------|--------------------------|----------------------------|------------------------|
| ATLAS COPCO ROC D7-11,4.0 in. | 0.00 | \$137.40 | \$68.22 | 1 | \$205.62 | \$68.22 | \$250.00 |

Subtotals: **\$205.62** **\$68.22** **\$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, 3/4 T. | \$14.23 | 1 | \$14.23 | \$14.23 |

Subtotals: **\$14.23** **\$14.23**

EQUIPMENT HAUL DISTANCE and Time

| | | |
|--|----------------|-------|
| Nearest Major City or Town within project area region: | <u>DURANGO</u> | |
| Total one-way travel distance: | <u>30.00</u> | miles |
| Average Travel Speed: | <u>35.00</u> | mph |

| | |
|-------------------------------------|-------------------|
| Total Non-Roadable Mob/Demob Cost * | <u>\$1,380.68</u> |
| ** two round trips with haul rig: | |
| Total Roadable Mob/Demob Cost ** | <u>\$24.39</u> |
| ** one round trip, no haul rig: | |

Transportation Cycle Time:

| | Non-Roadable Equipment | Roadable Equipment |
|-------------------------|------------------------|--------------------|
| Haul Time (Hours): | <u>0.86</u> | <u>0.86</u> |
| Return Time (Hours): | <u>0.86</u> | <u>0.86</u> |
| Loading Time (Hours): | <u>0.50</u> | <u>NA</u> |
| Unloading Time (Hours): | <u>0.50</u> | <u>NA</u> |
| Subtotals: | <u>2.71</u> | <u>1.71</u> |

JOB TIME AND COST

Total job time: 5.43 Hours

Total job cost: \$1,405