



File Code: 2810
Date: August 8, 2023

Dustin Czapla
dustin.czapla@state.co.us
Colorado Division of Reclamation, Mining and Safety
1313 Sherman Street, Room 215
Denver CO 80203

Dear Mr Czapla,

We have reviewed the draft reclamation cost estimate (aka “bond”) calculations for Metallic Minerals US Inc’s “*La Plata Project*” exploration drilling proposal (CDRMS Permit Number P2023012) and have found the amount to be adequate. The reclamation cost estimate amount is \$3035.00. This amended plan has been assigned Forest Service serial number 0213-POO-2021-02a.

The original proposal was submitted to the San Juan National Forest (SJNF) on January 30, 2021, and was reviewed and tentatively approved, pending bond acceptance on January 5th, 2023, under a categorical exclusion (CE) and decision memo (DM). That original plan included 14 sites, 3 of which would have been accessed by helicopter and the rest of which would have been accessed by ground transportation. The revised plan (P2023012) as submitted to the Colorado Division of Reclamation, Mining and Safety (CDRMS) forms the basis of this cost estimate.

The revision eliminates all sites, including the helicopter sites, *except* for the three locations accessed by Forest Route 793. The revised sites are identified as CUH-01, CUH-02 and CUH-03. A total of 7 diamond drill core holes could be drilled between these 3 sites. Each hole would be approximately 4 inches diameter (3.83”) diameter and approximately 1000 feet deep. Because the locations of the three remaining sites are on existing road disturbance, revegetation was not a concern and the reclamation cost estimate (attached) covers mobilization of equipment and downhole plugging and abandonment. Pre-activity conditions for the revised project area were documented in an inspection conducted on July 27, 2023. A copy of the inspection report is included as an attachment.

Once the SJNF receives notification that bond funds in an amount of \$3035.00 have been submitted to and accepted by CDRMS, using an acceptable financial instrument, the project will be considered authorized, but only for the sites identified in P2023012. This letter also confirms the legal right of entry for the proponent to conduct hard rock exploration activities on lands associated with this project that are managed by San Juan National Forest.

If you have any questions, please contact the SJNF Geologist, James Blair at 970-560-6630 (cell), or email at james.blair2@usda.gov.



Sincerely,

NICHOLAS GLIDDEN
District Ranger

Attachments: Inspection Report, Cost Summary

cc: Scott Petsel, Jeff Cary, Stephen Glass (electronic)

COST SUMMARY WORK

Task description: Reclamation Cost Estimate

Site: La Plata Project

Permit Action: 2023-07-07

Permit/Job#: P2023012

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 7/7/2023

County: La Plata

Filename: P012-000

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	2.00	\$692
02a	Mobilization	MOBILIZE	1	4.85	\$1,667
<u>SUBTOTALS:</u>				6.85	\$2,359

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02

Total = \$48

Performance bond: 1.05

Total = \$25

Job superintendent: 3.43

Total = \$223

Profit: 10.00

Total = \$236

TOTAL O & P = \$531

CONTRACT AMOUNT (direct + O & P) = \$2,890

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

\$145

CONTINGENCY: 0.00

Total = \$0

TOTAL INDIRECT COST = \$676

TOTAL BOND AMOUNT (direct + indirect) = \$3,035

BOREHOLE SEALING WORK

Task description: Borehole Plugging and Abandonement

Site: La Plata Project

Permit Action: 2023-07-07

Permit/Job#: P2023012

PROJECT IDENTIFICATION

Task #: 01A
Date: 7/7/2023
User: DMC

State: Colorado
County: La Plata

Abbreviation: None
Filename: P012-01a

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	20	20.00	LF	\$5.51	\$110.22
Plugs	Stainless steel plug - 4 in. diameter borehole	3.83	NA	1.00	EA	\$91.90	\$91.90
Labor	USER PROVIDED ITEM	NA	NA	2.00	Hour	\$245.00	\$490.00

Job Hours: 2.00

Total Cost: \$692.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: **Mobilization**Site: **La Plata Project**Permit Action: **2023-07-07**Permit/Job#: **P2023012****PROJECT IDENTIFICATION**Task #: **02A**State: **Colorado**Abbreviation: **None**Date: **7/7/2023**County: **La Plata**Filename: **P012-02a**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:	\$20.26	\$36.04	\$47.05
Operating Cost/Hour:	\$39.51	\$76.08	\$82.85
Operator Cost/Hour:	\$22.52	\$22.52	\$22.52
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$82.29	\$158.17	\$175.95

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	\$217.10	\$82.29	1	\$299.39	\$82.29	\$250.00

Subtotals: **\$299.39** **\$82.29** **\$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.	\$15.83	1	\$15.83	\$15.83

Subtotals: **\$15.83** **\$15.83**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>DURANGO</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>\$1,644.04</u>
'* two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$22.61</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>\$1,667</u>
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