



October 28, 2024

Viscount Colorado Holdings  
Attn: Harald Hoegberg  
1805 Turnbridge Dr.  
Richmond, VA 23238

**RE: Passiflora Project, DRMS File No. P-2024-011, Notice of Intent to Conduct Mineral Prospecting, Adequacy Review**

Dear Mr. Harald Hoegberg,

On September 10<sup>th</sup>, 2024, the Colorado Division of Reclamation, Mining and Safety (“DRMS” or “Division”) received a Notice of Intent to Conduct Prospecting Operations for Hard Rock/Metal Mines (“NOI”) form. Our initial review of the NOI indicates that, as of October 15, 2024, you have satisfied the minimum requirements of the Act and the Rules to begin the review process. The Division has begun the technical review process. The following adequacy items in the NOI application need to be addressed before the application can be approved.

**General Information:**

1. Please indicate the locations all five (5) borehole locations along County Road 240 showing latitude and longitude or Universal Transverse Mercator (UTM) coordinates. Please specify coordinates of latitude and longitude in degrees, minutes, and seconds or in decimal degrees to an accuracy of at least five (5) decimal places. For UTM, the Applicant will need to specify North American Datum (NAD) 1927, NAD 1983, or WG 84, and the applicable zone, measured in meters.

**Project Description:**

2. Item 5 indicates “access disturbance, approximately 300 feet, will be leveled to original surface and reclaimed.” Please clarify what this statement means?
3. Item 6(A)- Please clarify how mud pits will be constructed and reclaimed.
4. Item 6(K)- The Applicant states that no water bodies will be disturbed. Is the applicant aware of any aquifer they may encounter while drilling? If so, please identify them. If an unknown water-bearing zone is encountered during drilling operations, please clarify how possible cross contamination of these zones will be prevented.



5. Item 6(G)- Please clarify where chemicals and fuel containers will be stored and containment measures in the event of a spill.
6. Item 6(H)- The Applicant indicates the disturbed area will be less than 0.25 acres. See item #10 below regarding drill pads. If each of the drill pads will be affected based on the dimensions provided on topographic gradient calculations page provided by with the application, then about .5 acres will be affected. Please clarify and update the NOI application accordingly.

#### **IV. Operation and Reclamation Measures:**

7. Item 3- The Applicant states that topsoil will be stockpiled and replaced after completion. If topsoil stockpiles are left in place for greater than 180 days, please commit to planting with appropriate annual and/or perennial plant species to provide stabilization of the stockpile in accordance with Rule 3.1.9(3). Please provide a seed mixture to be used for this purpose.
8. Item 3 indicates 0-3 inches of topsoil exists within the area proposed to be affected by the prospecting operation. According to the Web Soil Survey provided by the Natural Resource Conservation Service, there are two soil types within this area. These include the Buena Vista Sandy Loam and the Feltonia-Coutis Sandy Loam with the topsoil horizon being 8-10 inches deep. Please commit to salvaging and stockpiling 8-10 inches of topsoil from areas to be affected by the drill pad, drill holes, and mud pits. Please revise and update Item #3 of the Operation and Reclamation Measures section of the NOI application to reflect this commitment.
9. Item 7(B)- The Applicant indicates that broadcast seeding method will be used to apply the seed mixture. Please clarify if the application rate of the seed mixture provided has been doubled to account for the lower success rate typically associated with broadcast seeding.
10. Topographic Gradient Calculations- The Applicant includes calculations of maximum drill pad elevation differences for PF-01 through PF-05. However, earlier in the application (Item 6(A) of the Project Description), the Applicant states that drill pads will not be used for this operation. Please clarify this discrepancy and update the NOI application accordingly
11. Please update the application to include a topographic map of the proposed NOI drilling location.

#### **Financial Warranty:**

12. Enclosed is the reclamation cost estimate for the proposed operation. Please review the estimate. DRMS must seek concurrence with the Bureau of Land Management on the proposed financial warranty amount. In the meantime, please review the estimate and let

us know if you concur.

Pursuant to Rule 5.1.3(c) of the Hard Rock/Metal Mining Rules and Regulations, all adequacy items must be addressed within 60 days of this letter (by **December 27, 2024**). If this date arrives and the adequacy concerns have not been addressed and/or the additional financial warranty has not been submitted and accepted by the Division, the NOI will be denied. Please note that prospecting operations may not begin until authorized by the Division and until the Plan of Operations has been approved by the Bureau of Land Management.

If you have any questions, please contact me at [chris.girardi@state.co.us](mailto:chris.girardi@state.co.us) or at (720) 793-3041.

Sincerely,

A handwritten signature in blue ink that reads "Chris Girardi".

Chris Girardi  
Environmental Protection Specialist Intern

EC: Daniel Pike, BLM, [jpike@blm.gov](mailto:jpike@blm.gov)  
Jared Ebert, DRMS [jared.ebert@state.co.us](mailto:jared.ebert@state.co.us)  
Sara Stevensen-Benn, DRMS [sara.stevenson-benn@state.co.us](mailto:sara.stevenson-benn@state.co.us)

## COST SUMMARY WORK

Task description: Reclamation of Boreholes

Site: Passiflora Permit Action: Passiflora NOI Permit/Job#: P2024011

### PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None  
Date: 10/21/2024 County: Custer Filename: P011-000  
User: CMG

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Sealing of Boreholes	BOREHOLE	1	260.10	\$496,702
001B	Backfilling of Mud Pits	EXCAVATE	1	0.89	\$463
002	Revegetation	REVEGE	1	1.00	\$689
003	Mobilization to site	MOBILIZE	1	6.17	\$6,218
<b><u>SUBTOTALS:</u></b>				<b>268.16</b>	<b>\$504,073</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance:	2.02	Total =	\$10,182
Performance bond:	1.05	Total =	\$5,293
Job superintendent:	3.08	Total =	\$244
Profit:	10.00	Total =	\$50,407

TOTAL O & P = \$66,126

CONTRACT AMOUNT (direct + O & P) = \$570,199

#### 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>6.59</u>	Total =	<u>\$37,576</u>
Reclamation management and/or administration:	<u>5.00</u>		<u>\$28,510</u>

CONTINGENCY: 0.00 Total = \$0

TOTAL INDIRECT COST = \$132,213

**TOTAL BOND AMOUNT (direct + indirect) = \$636,286**

## BOREHOLE SEALING WORK

Task description: Sealing of Boreholes

Site: Passiflora Permit Action: Passiflora NOI Permit/Job#: P2024011

## PROJECT IDENTIFICATION

Task	001A	State:	Colorado	Abbreviation:	None
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Date: 10/21/2024 County: Custer Filename: P011-001

User: CMG

Agency or organization name: DRMS

### UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
Seal 5 Boreholes with Bentonite from bottom to top 20'	Bentonite seal - 12 in. (labor, equip, materials)	12"	5000	24,900.00	LF	\$19.89	\$495,340.68
Seal 5 Boreholes with Cement at top 20'	Portland cement grout - 12 in. (labor, equip, materials)	12"	5000	100.00	LF	\$13.62	\$1,361.82

<b>Job Hours:</b>	<b>260.10</b>	<b>Total Cost:</b>	<b>\$496,702.00</b>
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## HYDRAULIC EXCAVATOR WORK

Task description: Backfilling of Mud Pits

Site: Passiflora Permit Action: Passiflora NOI Permit/Job#: P2024011

### PROJECT IDENTIFICATION

Task #: 001B State: Colorado Abbreviation: None  
Date: 10/28/2024 County: Custer Filename: P011-001B  
User: CMG

Agency or organization name: DRMS

### HOURLY EQUIPMENT COST

Basic Machine: Cat 324D L 9'-8" Stick Horsepower: 194  
Attachment 1: ROPS Cab Weight (MT): 24.85  
Shift Basis: 1 per day  
Data Source: (CRG)

#### Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	<u>\$281.20</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$202.68</u>	<u>100</u>
Operator Cost/Hour:	<u>\$33.87</u>	<u>NA</u>
Total Unit Cost/Hour:	<u>\$517.75</u>	

Total Fleet Cost/Hour: \$517.75

### MATERIAL QUANTITIES

Initial volume: 370 CCY Swell factor: 1.000  
Loose volume: 370 LCY

Source of estimated volume: Volume based on dimensions of Mud Pits  
Source of estimated swell factor: Cat Handbook

### HOURLY PRODUCTION

Excavator Cycle Time (load bucket, swing loaded, dump bucket, swing empty):

Basic Job Condition Description: AVERAGE  
Secondary Job Condition within Basic Description: EXCELLENT  
Cycle Time Value: 0.265 minutes

#### Load Bucket Capacity

Bucket Size Class: Medium

Rated Capacity:	<u>2.26</u>	LCY (heaped)
Bucket Fill Factor:	<u>0.975</u>	Loose material - uniform aggregates to 1/8" (95-100%) <u>0.975</u>
Adjusted Capacity:	<u>2.20</u>	LCY

Job Condition Correction Factors Site Altitude: 8262 feet

		Source
Altitude Adj:	<u>1.00</u>	<u>(CAT HB)</u>
Job Efficiency:	<u>0.83</u>	<u>(1 shift/day)</u>
Net Correction:	<u>0.83</u>	<u>multiplier</u>

Unadjusted Hourly Unit Production:	<u>498.91</u>	LCY/Hour
Adjusted Hourly Unit Production:	<u>414.09</u>	LCY/Hour
Adjusted Hourly Fleet Production:	<u><b>414.09</b></u>	LCY/Hour

**JOB TIME AND COST**

Fleet size:	<u>1</u>	Excavator	Total job time:	<u><b>0.89</b></u>	Hours
Unit cost:	<u>\$1.250</u>	/LCY	Total job cost:	<u><b>\$463</b></u>	

## REVEGETATION WORK

Task description: Revegetation

Site: Passiflora Permit Action: Passiflora NOI Permit/Job#: P2024011

### PROJECT IDENTIFICATION

Task #: 002 State: Colorado Abbreviation: None  
Date: 10/21/2024 County: Custer Filename: P011-002  
User: CMG

Agency or organization name: DRMS

### 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
Big Bluegrass - Sherman	1.00	20.66	\$15.85
Arizona Fescue - Redondo	2.50	28.70	\$37.66
Blue Grama - Native	1.50	24.48	\$31.99
Mountain Brome - Bromar	10.00	16.07	\$60.17
Intermediate Wheatgrass - Oahe	10.00	21.35	\$46.46
Milk Vetch, Cicer - Lutana	6.00	19.97	\$58.73
Western Wheatgrass - Native	8.00	20.20	\$72.05



<b>Totals Seed Mix</b>	39.00	151.43	<b>\$322.90</b>
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#### **Application**

<b>Description</b>	<b>Cost /Acre</b>
Broadcast seeding [DMG]	\$272.56
<b>Total Seed Application Cost/Acre</b>	<b>\$272.56</b>

#### **MULCHING and MISCELLANEOUS**

##### **Materials**

<b>Description</b>	<b>Units / Acre</b>	<b>Unit</b>	<b>Cost / Unit</b>	<b>Cost /Acre</b>
			\$	\$
<b>Total Mulch Materials Cost/Acre</b>				<b>\$0.00</b>

##### **Application**

<b>Description</b>	<b>Cost /Acre</b>
	\$
<b>Total Mulch Application Cost/Acre</b>	<b>\$0.00</b>

#### **NURSERY STOCK PLANTING**

<b>Common Name</b>	<b>No / Acre</b>	<b>Type and Size</b>	<b>Planting Cost</b>	<b>Fertilizer Pellet Cost</b>	<b>Cost /Acre</b>
					\$
<b>Totals Nursery Stock Cost / Acre</b>					<b>\$0.00</b>

#### **JOB TIME AND COST**

No. of Acres:	0.5	Cost /Acre:	\$595.46
Estimated Failure Rate:	50%	Cost /Acre*:	\$595.46

\*Selected Replanting Work Items: SEEDING

Initial Job Cost:	<b>\$297.73</b>
Reseeding Job Cost:	<b>\$148.87</b>
Total Job Cost:	<b>\$447</b>
Job Hours:	<b>1.00</b>

EQUIPMENT MOBILIZATION/DEMOBILIZATION

Task description: Mobilization to site

Site: Passiflora Permit Action: Passiflora NOI Permit/Job#: P2024011

**PROJECT IDENTIFICATION**

Task #: 003 State: Colorado Abbreviation: None  
Date: 10/21/2024 County: Custer Filename: P011-003  
User: CMG

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:**

<b>Available Rig Capacities</b>	<b>0-25 Tons</b>	<b>26-50 Tons</b>	<b>51+ Tons</b>
Ownership Cost/Hour:	\$10.44	\$22.18	\$23.94
Operating Cost/Hour:	\$26.48	\$54.55	\$55.65
Operator Cost/Hour:	\$22.52	\$22.52	\$22.52
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$59.44	\$122.78	\$125.64

**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 Capco DMM2 - 10-5/8"	0.00	\$324.36	\$59.44	1	\$383.80	\$59.44	\$250.00
Drill/Broadcast Seeder with Tractor	25.00	\$41.02	\$59.44	1	\$100.46	\$59.44	\$250.00
Cat 324D L 9'-8" Stick	27.33	\$281.20	\$122.78	1	\$403.98	\$122.78	\$250.00

Subtotals: 

<b>\$888.24</b>	<b>\$241.66</b>	<b>\$750.00</b>
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**ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/fleet	Return Trip Cost/hr/fleet
Generic 7-8 cy, 4x4	\$74.84	3	\$224.52	\$224.52
Water Tanker, 3,500 Gal.	\$53.90	1	\$53.90	\$53.90

Subtotals: 

<b>\$278.42</b>	<b>\$278.42</b>
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**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	CAÑON CITY	
Total one-way travel distance:	47.00	miles
Average Travel Speed:	45.00	mph
Total Non-Roadable Mob/Demob Cost *		
'* two round trips with haul rig:	\$5,636.72	
Total Roadable Mob/Demob Cost **		
** one round trip, no haul rig:	\$581.59	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.04	1.04
Return Time (Hours):	1.04	1.04
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.09	2.09

**JOB TIME AND COST**

Total job time:	<b>6.18</b>	Hours
Total job cost:	<b>\$6,218</b>	