

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



May 21, 2012

Mark Steen
Gold Hill Mines, Inc.
957 Reynolds Farm Lane
Longmont, CO 80503

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

Re: Cash & Who Do Mines, Permit No. M-1983-141, Transfer of Permit and Succession of Operator Approval and Request for Financial and Performance Warranties, SO-7

Dear Mr. Steen

On May 21, 2012, the Division of Reclamation, Mining and Safety completed the review of your application for a Transfer of Permit and Succession of Operator application submitted to the Division on March 30, 2012. On your application form you initialed Option A, which specifies that the Division would recalculate the required bond prior to approval of the transfer. The estimated liability of the reclamation bond has been calculated to be \$216,200. This is an increase of \$40,300 over the \$175,900 amount currently held by the Division. Please submit a financial warranty in the amount of \$40,300 within 60 days. **The transfer of Permit No. M-1983-141 will not be final until the bond is approved by the Division.** You will be contacted once the warranties have been review and approved.

If you have any questions, please contact me at (303)866-3567 x8116 or Barbara Coria, Minerals Financial Assurance Specialist, at (303)866-3567 x8148.

Sincerely,

Michael A. Cunningham
Environmental Protection Specialist

Enclosure: Bond Calculation

CC: Tom Kaldenbach, DRMS
Barbara Coria, DRMS
Stephanie Carter, BLM

COST SUMMARY WORK

Task description: Reclamation Cost Estimate

Site: Cash & Who Do Mines

Permit Action: SO-7

Permit/Job#: M1983141

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 5/16/2012

County: Boulder

Filename: M141-000

User: MAC

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	3rd Level Adit (2006 est. adjusted for inflation-\$123,363)	NA	0	40.00	\$138,020.44
002	Cash Mine Area (2006 est. adjusted for inflation-\$7,793)	NA	0	20.00	\$8,718.93
003	Who Do Mine (2006 est. adjusted for inflation-\$10,780)	NA	0	20.00	\$12,060.83
004	Cofferdam for bulkhead at 3rd Level Adit	NA	0	10.00	\$10,000.00
<u>SUBTOTALS:</u>				90	\$ \$168,800.20

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 40.00
Profit: 10.00

Total = \$3,409.76

Total = \$1,772.40

Total = \$2,372.00

Total = \$16,880.02

TOTAL O & P = \$24,434.18

CONTRACT AMOUNT (direct + O & P) = \$193,234.38

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00

Total = 0.00

Engineering work and/or contract/bid preparation: 4.25

Total = \$8,212.46

Reclamation management and/or administration: 5.00

\$9,661.72

CONTINGENCY: 3.00

Total = \$5,064.01

TOTAL INDIRECT COST = \$47,372.37

TOTAL BOND AMOUNT (direct + indirect) = \$216,172.57

TOTAL BOND AMOUNT (rounded up) = \$216,200.00