

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



June 25, 2012

Tim Pierce Consultant
Alan and Wesley Chiles
Rimrock Exploration and Development, Inc.
P.O. Box 430
Nucla, Colorado 81424

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

RE: Prince Albert Mine, 110d Designated Mining Operation Permit Application, No. M-2011-040, Final Review Commitments and Clarifications.

Dear Mr. Pierce and Chiles,

On June 15, 2012 the Division of Reclamation, Mining, and Safety received Rimrock's responses to the Preliminary Adequacy Review (PAR) dated October 11, 2011. The Division has reviewed those responses and found them to be adequate. Division engineering review is nearly complete as well and completeness and acceptance will be by separate cover if applicable. From the response the Division notes the following and request confirmation of commitments:

- 1) The original application proposed interception and use of the "Better Be" Mine for use as an emergency escape way and air flow. Rimrock has removed this from current consideration and instead will go with the alternate plan of installing an escape way through the proposed vent hole within the permit affected area. Please commit that if Rimrock decides at a future date to move forward with the use of the Better Be Mine an amendment to the permit will be required which will include public notice.
- 2) Once vent holes are constructed a Technical Revision will be required to note the exact location and construction details of the shafts so that the Division can ensure adequate reclamation bonding is in place to cover the liability. A general task for backfilling is currently proposed which may or may not be sufficient after construction review.
- 3) Groundwater data and field observations provided indicates no known potential for interception or impact to the groundwater regime. All data suggests that there is no groundwater down to the geological formation change (Salt Wash to Winakah) just below the proposed mine workings. Rimrock needs to agree to the stipulation: That "should" groundwater in a producible amount of one gallon per minute or more be encountered during mining operations the operator shall inform the Division in writing within ten working days. The notice shall include details as to the amount of flow and location of the interception. The Division and operator will then consult on what measures may be necessary to further categorize and evaluate any potential impacts to the hydrological balance, if any.

- 4) The down gradient monitor well has produced over five quarters of data which shows there is no groundwater present at or below current and proposed workings. The well was initially drilled to depths below what is considered the most likely point of potential impact. The Division agrees with the applicant that the well should be permanently plugged below the Salt Wash/ Winakah contact. This will seal a conduit from upper levels of potential disturbance from lower levels of extreme unlikely impacts.
- 5) The Division notes the BLM has opted to review their Plan of Operation (POO) application after the Division's review is complete. Like the Rimrock permitted J-Bird Mine, a commitment must be made to submit an appropriate Technical Revision or Amendment to the Prince Albert permit after BLM approval if necessary. A review of the permit addressing any major changes required under the POO that affect the Division issued permit must be submitted within 30 days of the POO approval.
- 6) The Division will calculate the reclamation liability for the proposed mine and reclamation plans in the next few days. BLM may request adjustments or issue concurrence with the amount after the POO is approved. Please note that a financial warranty is required by the Act within 365 days of any Division approval. If the POO review extends beyond 365 days, Rimrock shall be required to post the warranty and make any adjustments thereafter if necessary.
- 7) The final issue as noted is that all final maps and engineering drawings require the signatures of those who have prepared and reviewed them be received prior to any decision.

Currently the decision date is set for June 29, 2012. It appears that not all information may be in Division hands by close of business. If this is the case a final extension request should be submitted. Please contact the Division on June 28th to coordinate an extension date if necessary. Please note that the 365 day limit for this application is July 25, 2012.

If you need additional information please contact me at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 S. 3rd St., Suite 301, Grand Junction, Colorado 81501, by telephone at 970.241.1117, or by e-mail at russ.means@state.co.us.

Sincerely,



G. Russell Means
Senior Environmental Protection Specialist
Grand Junction / Durango Field Office Supervisor

Ec: Tim Cazier, Division Engineer, Denver Office
Ec: Rob Ernst, BLM Uncompahgre Field Office, Montrose, CO