

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

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Denver, Colorado 80203
Phone: (303) 866-3567
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August 24, 2012

Mike Bergman
Red Rock Exploration, LLC
11086 Golf View Dr.
Galena, IL 61036

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

RE: Notice of Intent to Conduct Prospecting Application; Sara Rose; File No. P-2012-016; Notice of Deficiencies

Dear Mr. Bergman,

On August 7, 2012, the Division of Reclamation, Mining and Safety (Division) received the Notice of Intent (NOI) to Conduct Prospecting Application for Sara Rose site, File No. P-2012-016. Our review indicates the NOI application contains deficiencies as defined by Rule 5.1.3 of the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal, and Designated Mining Operations. The Division requires the information described below before we can approve the NOI application.

1. Under No. 6, Section III, Page 4 of the Application Form, the Applicant has stated a secondary adit *may* be advance to increase the safety of the site. The Applicant must provide the following additional information with regard to the secondary adit:
 - a) Identify the location where the adit will daylight.
 - b) Specify the total area of surface disturbance associated with the construction of the adit.
 - c) Specify the total volume of waste rock which will be generated and describe how the waste rock will be handled during reclamation.
 - d) Describe how the adit will be secured and safeguarded during prospecting operation and during final reclamation.

Alternately, the Applicant may commit to providing the requested information at a later date. If the Applicant chooses to submit this information at a later date, then all work associated with advancing a secondary adit must be approved under a modification to the NOI.

2. Under No. 5, Section IV, Page 6, the Applicant has stated the pre-existing adits and portals will be secured, closed and covered completely with tailings. Please specify how many adits and portals are present on the Applicant's mining claims. Also, please indicate which of the adits and portals will be utilized during prospecting operations.
3. The Applicant has stated the adits and portals will be completely covered with tailings. Please clarify if tailings or waste rock will be used to cover the mine entrances. If waste rock will be used, then please specify the volume of waste rock which will be required to cover each of the mine entrances and specify the dimensions of each of the adits to be reclaimed. Also, please indicate if any other

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closure methods will be used to safeguard the adits and portals. The Division is concerned that covering the adits with waste rock alone is not sufficient for long term closure of the site. The Applicant should consider installing locking steel grate barriers or precast concrete panels.

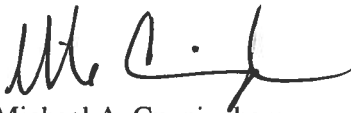
4. Please specify how the adits will be safeguarded during active prospecting operations.
5. Please specify if the adits will be built out from their existing terminus. If so, will the adits be reclaimed to their present condition?
6. The Applicant has stated a 8' x 16' shed may be constructed for storage of equipment. Please clarify if a new shed will be constructed or if an existing structure will be enhanced to accommodate storage needs. Also, please specify the structures which are currently present at the site and will remain following reclamation.
7. Under No. 6, Section IV, Page 6, the Applicant has stated the access road will be graded back to pre-prospecting topography. Please clarify if the final grade of the reclaimed access road will match the existing topography of the mountain.
8. The Division will calculate the required bond amount after all of the deficiencies and technical issues have been addressed. The financial warranty estimate will be sent to the Applicant soon after receiving adequate responses to the above identified deficiencies.

Be advised that if these items have not been addressed within 60 days of the date of this letter (October 23, 2012), the Division may terminate the NOI application in accordance with Rule 5.1.3(c) of the Hard Rock Rules.

Please remember to designate as appropriate those materials in the application that you desire to be made confidential versus those to be made public. Additionally, if you have received any pertinent correspondence from the US Forest Service, please forward copies to the Division.

If you have any questions, you may contact me at (303)866-3567 x8116.

Sincerely,



Michael A. Cunningham
Environmental Protection Specialist

CC: Tom Kaldenbach, DRMS
Marcia Rose-Ritchie, USFS
Rob Bergman, Big Rock Exploration (via email)