

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
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John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

September 13, 2012

Raymond G. Dubois
Cripple Creek & Victor Gold
100 N. Third Street
P. O. Box 191
Victor, CO 80860-0191

**Re: Cresson Project; DRMS File No. M-1980-244;
Amendment Approval, Revision No. AM-10**

Dear Mr. Dubois:

On September 12, 2012 the Division of Reclamation, Mining and Safety approved the Amendment application submitted to the Division on March 5, 2012, addressing the following:

Mine Life Extension 2

The terms of the Amendment No. 10 approved by the Division are hereby incorporated into Permit No. M-1980-244.

The conditions of the Division approval are noted below. Please note that all other provisions of Permit No. M-1980-244 remain in full force and effect.

<u>Stipulation No.</u>	<u>Description</u>
24	1 of 2: Prior to placement of any liner system, CC&V shall submit and receive Division approval of, the requested weekly CQA reports for the placement of select overburden used as the foundation for the new mill.
25	2 of 2: Prior to construction of the new mill and SQVLF, CC&V shall submit and receive Division approval of, the requested additional design and analysis data to support the assertion that the mill vibrations and settling of the foundation material will not reduce the function of the new proposed SGVLF.

The revised estimated liability amount of \$176,192,487 exceeds the \$99,143,871.21 performance bond currently held. If you have not already done so, please submit additional bond in the amount of \$77,048,615.32. The revision will not be final until the bond is approved by the Division. The difference in the liability amount and that presented in the MLE2 application is related to the way the Division calculates indirect costs. Please see the enclosed cost summary sheet for details.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Cazier".

Timothy A. Cazier, P.E.
Environmental Protection Specialist

Enclosure

cc: Tom Kaldenbach, DRMS

Enclosure:

COST SUMMARY WORK

Task description: D1

Site: Cresson Project

Permit Action: AM-10/MLE2

Permit/Job#: M1980244

PROJECT IDENTIFICATION

Task #: 100

State: Colorado

Abbreviation: None

Date: 9/13/2012

County: Teller

Filename: M244-100

User: TC1

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Direct Cost Summary*	NA	1	0.00	\$148,405,317.00
<u>SUBTOTALS:</u>				1	\$ 148,405,317.00

* From AM-10 Application, Volume VI, Appendix 13, Sheet 6

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02 %

Total = \$2,997,787.40

Performance bond: 1.05 %

Total = \$1,558,255.83

Job superintendent: 0.00

Total = \$0.00

Profit: 10.00 %

Total = \$14,840,531.70

TOTAL O & P = \$19,396,574.93

CONTRACT AMOUNT (direct + O & P) = \$167,801,891.93

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 500.00

Total = 500.00

Engineering work and/or contract/bid preparation: 0.00

Total = \$0.00

Reclamation management and/or administration: 5.00 %

\$8,390,094.60

CONTINGENCY: 0.00 %

Total = \$0.00

TOTAL INDIRECT COST = \$27,787,169.53

TOTAL BOND AMOUNT (direct + indirect) = \$176,192,486.53