

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

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September 20, 2012

Mike Thompson
Reardon Steel LLC
18050 County Road G
Cortez, CO 81321

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

Re: Camp Bird Mine, Permit M-1982-090, Approval of Technical Revision TR-4, and Revision of Required Bond Amount.

Dear Mr. Thompson,

This office has reviewed the recent adequacy responses from you, dated September 10, 2012, regarding the technical revision named above. The additional drawings and narrative add significantly to the Division's understanding of the proposed project. The Division finds that the engineering and construction details of the portal structure, snowshed, equipment building, steel span over Imogene Creek, discharge conveyance line, and sediment pond are adequate for approval. These structures and changes to the site are considered to be minor in comparison to the overall permitted site; since many of these structures have existed on the site in the past, they are consistent with the permit. Since they also are not inconsistent with county regulations, they are approved as permanent structures on the permitted area. Being permanent structures, they will not be included in the final reclamation cost estimate.

The Division agrees with the proposed sequence of site construction activities, due to the need for containment and control of sediment to be potentially generated by surface and underground disturbances. The construction activities and their sequence are approved for this technical revision.

The portal discharge will continue to flow, but will be conveyed via new pipeline to a new sediment pond. The water quality monitoring and reporting program you propose for surface water appears adequate for approval also. The Division's water quality regulations require that there be no significant impact to the prevailing hydrologic regime. The technical revision included evidence of past hydrology in the form of reports of intermittent sampling events spanning a number of years, including the current quarter. The cumulative data for this period of site inactivity indicate that water quality is fairly stable and good (enough to have terminated the discharge permit). It is the Division's requirement to demonstrate that there will be no adverse impact to the water quality, as measured against an established baseline. Typically the Division's minimum requirement is for five consecutive quarters of data to establish baseline conditions. In this case, the past reports represent some consecutive quarters (1995-1998) and

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more recent intermittent sampling (2009-2012), which the Division feels is an adequate beginning to an ongoing required sampling program.

Therefore, the approval of this technical revision includes the requirement for continued quarterly sampling of Sneffels Creek, Imogene Creek and Canyon Creek at the same locations (per Figure 1, dated 8/13/12) for the required suite of analytes; analyses must be performed down to the appropriate detection limits. This approval also includes the continuation of the sampling at the CDPS-001 compliance point (at the outfall pipe and/or sediment pond outfall, depending on whether the pond is constructed). Reports of these sample analyses must be provided to the Division in a timely manner. If the detected sediment load spikes, the operator must cease sediment-generating activity and contact this office to discuss mitigation.

Waste rock disposal and sampling are approved as proposed under this technical revision. Waste rock brought to the surface may be placed in the designated cut slope area. The proposed ABA program for the waste rock, i.e., sampling every 5,000 tons or from each separate collapsed zone, is adequate. These analyses must be forwarded to this office in a timely manner, accompanied by brief description of the volume and source location.

The reclamation plan that is proposed under this technical revision has been found adequate for approval. The costs associated with the reclamation tasks have been examined and the Division agrees with your estimated figures for the reclamation. An additional bond amount of \$47,388 is required for this technical revision. The bond instrument that was submitted concurrent with filing this technical revision was for \$50,000 and was accepted by the Division. That additional bond, in combination with the existing bond amount of \$25,000, brings the total required bond amount to \$72,388. Since the total bond that the Division currently holds for this operation is now \$75,000, no additional bond is required.

The Division has approved Technical Revision TR-4, as of the date of this letter. The bond amount is sufficient and the work approved under TR-4 may proceed.

If you have any questions, I may be reached at the Division's Durango Field Office, 691 CR 233, Room A-2, Durango, CO 81301; telephone 970-247-5193.

Sincerely,



Bob Oswald

Environmental Protection Specialist

Cc: Scott Butters, Camp Bird Colorado, Inc., PO Box 806, Salt Lake City, UT 84110

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