

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

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Mike King
Executive Director

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Director

February 28, 2013

Mr. Jack Bridges
San Juan Minerals LLC
57 Willow Ct.
Pagosa Springs, CO 81147

**Re: Boulder Gold Project, Notice of Intent to Conduct Prospecting (NOI), File P-2013-004,
Preliminary Financial Warranty Received, Technical Review Letter**

Dear Mr. Bridges,

On February 19, 2013 the Durango Field Office of the Division of Reclamation, Mining and Safety received the \$1,000.00 check and related documents comprising a financial warranty for the NOI named above. I promptly forwarded all financial warranty materials to Barbara Coria, the warranty specialist in the Division's Denver office. She will contact you directly regarding any bond-related questions.

Please note that until all technical questions concerning the NOI have been addressed, and the Division has calculated the bond amount based on those details, the Division will not know what the bond amount should be or if the financial warranty submitted is sufficient. While the submittal of this "preliminary" financial warranty is acknowledged, we do not yet know what the required financial warranty amount will be. Until all technical details have been resolved and we have determined that the bond is accepted and sufficient, the NOI is deficient and the project may not commence.

The Division received a copy of the February 25, 2013 letter that the U.S. Forest Service (USFS) sent to you, requesting information about the project boundary locations and operational details. Since many of the Division's technical questions are similar, and these two agencies coordinate their reviews of prospecting notices, please provide to us a copy of your response to the USFS.

The Division's technical review has revealed several issues that must be addressed. Please respond to each of the following items:

Access to the project site will involve crossing the Alamosa River, which presumably flows throughout the period you propose to be operating. How will the generating of sediment be minimized or avoided?

Please list all equipment and vehicles that will be used, and state how often vehicles and/or equipment will cross the river.

The project site is on an alluvial bench 200 feet (horizontally) to the south of the present river channel. Sediment and runoff control at the project site must be considered. Please describe what measures will be used to ensure that process water and sediment from the project will be contained.

What is the elevational difference between the river level and the bench where your project will be?

Our calculations indicate that the capacity of the excavated pit is approximately the same as the hourly pumping rate of the pump to be used for the wash plant. Do you plan to settle the sediment out of the recycled water? Given the short residence time in the "pond" is there a need to create separate cells in the pond for effective settling of sediment?

Excavation of the pit is expected to expose groundwater at a shallow depth, providing an evaporative water surface. The pitrun excavated material and processed material will drain their free water, constituting potential water consumption. Have you contacted the Colorado Division of Water Resources (DPW) to confirm whether exposure of groundwater and/or draining of water from stockpiles are allowed activities of the project? The phone number of the DPW office in Alamosa is 719-589-6683. Please ensure that you comply with applicable water laws.

Please provide more information about the security fence and gate to be installed, such as: the length and height of the structures, the type of construction, etc.

Parts of the bonded reclamation liability may involve earthwork related to the pit and stockpiles (and possibly the river crossing); disposal of debris; removal of sediment controls, the security fence, and the gate. Please provide responses to the questions above that help to answer what costs may be assigned to the reclamation of the various aspects of the disturbances associated with the project.

If you have 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

Ec: Russ Means, DRMS Grand Junction
Barbara Coria, DRMS Denver
Nic Sandoval, USFS, Monte Vista