

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

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Governor

Mike King
Executive Director

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Director

May 9, 2013

John Almy
U.S. Forest Service
2250 Hwy 50
Delta, CO 81416

Re: Pitch Project, DRMS Permit No. M-1977-004, Permit Compliance, Reclamation Plan, and Financial Warranty

Dear Mr. Almy,

Following our recent conversations concerning the land exchange between the Forest Service and Homestake Mining Company of California ("Homestake"), and the Division's authority regarding the DRMS reclamation permit issued to Homestake for the Pitch Project (permit no. M-1977-004), I would like to emphasize a few pertinent points in this letter. Additionally, I have enclosed two permit maps and a metes and bounds legal description of the permit boundary, which further illustrate the scope of the Division's initial and continued area of jurisdiction.

The application for the permit for the Pitch Project was received by the Division in 1977, and encompasses an area of 2,912 acres. The permitted area includes mainly federally-managed lands, but also nearly 300 acres of private land in the form of patented claims. The mining and reclamation plans that were approved under the permit addressed the various forms of mining disturbance and the reclamation activities to be carried out. The enclosed maps demonstrate that all mining-related disturbances have occurred inside the permitted area boundary.

Many of the maps from the original permit application are not easily available in hard copy, and most of the newer permit maps do not depict sufficient land area surrounding recent reclamation activities to include the permit boundary. Most of the reclamation work is concentrated in a relatively small area in the northern end of the permit. However, I have used the full-color USGS map (taken from permit Technical Revision TR-04) in this response since it perhaps best shows the entire permit area on an easily reproduced map. [Note: A boundary adjustment was initially proposed, and although it was not part of the revision approval, it still shows up on the map. A metes and bounds description pertaining to the boundary adjustment is included herewith also.]

Another map is also included in this response, since it shows the topography in the north and south pit areas as well as the eastern boundary line well above the scarp feature. The GLO grid does not appear on this map, but rather the northing and easting grid is shown. The Division's records indicate that the location of the northeastern permit boundary corner is located at N115,950; E122,000, which should correlate very closely to the lands to be conveyed in this exchange.

Page 1

John Almy, USFS/Pitch Project/M-1977-004

May 9, 2013

Page 2

All of the land area included in the permit, both public and private, were and are still under the purview of the state reclamation permit. The proposed change of land ownership within the northern portion of the permitted area that we have recently discussed does not change the state's oversight of the permit nor does it result a gap in the overall regulatory environment. There will be no reclamation risk created from the land exchange.

Additionally, as you are aware, permit holders may apply for various types of permit revisions as conditions change. In the case of this permit, Homestake has been approved for implementing several revisions to their original mining and reclamation plans. These changes have involved surface water drainage and waste rock dump configuration, draining adit closure, and pit wall grading among other topics. This Division fully expects Homestake to apply for further revisions to the reclamation plan, to address issues which may not have been foreseen or formerly been able to implement. Such revisions are a common mechanism used by an operator to improve environmental protection or site stability through reclamation efforts, and this Division looks forward to working with Homestake on future reclamation plan revisions, toward the final reclamation of this permitted site.

It should be mentioned that Homestake also operates under permit and standards issued by the Colorado Department of Public Health and Environment – Water Quality Control Division (CDPHE-WQCD).

Presently the Division holds a corporate surety financial warranty posted by Homestake in the amount of \$2,263,000. Given the fact that the great majority of reclamation work has already been completed by Homestake, the Division feels that this financial warranty is sufficient. However, if future conditions change, the Division has the authority to require Homestake to provide additional bonding if and when the need appears to be indicated.

I hope that this summary includes the information you requested from the Division, such that it is clear that current and future environmental protection and reclamation needs are met. If you have further 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,

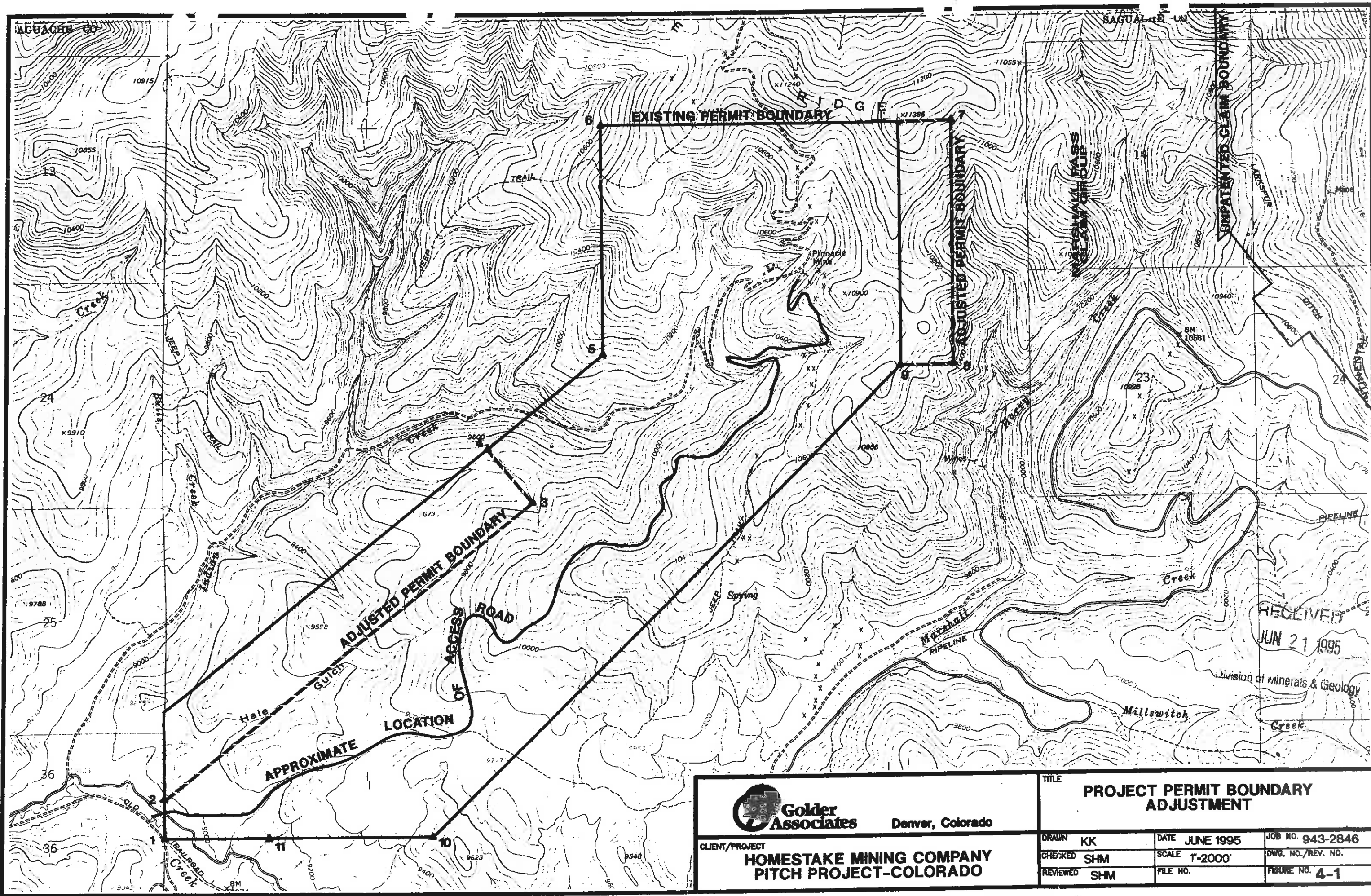
A handwritten signature in black ink, appearing to read "Bob Oswald".

Bob Oswald
Environmental Protection Specialist

Encl: 1995 TR-04 boundary map and boundary description; July 2009 map with eastern boundary

Cc(w/encl): Alan Cox, Homestake
Ec(w/o encl): Russ Means, DRMS

(c:\13-05 docs\Homestake-USFS-Pitch.docx/rco)



Golder Associates

Denver, Colorado

CLIENT/PROJECT

**HOMESTAKE MINING COMPANY
PITCH PROJECT-COLORADO**

TITLE

**PROJECT PERMIT BOUNDARY
ADJUSTMENT**

DRAWN

KK

DATE

JUNE 1995

JOB NO.

943-2846

CHECKED

SHM

SCALE

1"=2000'

DWG. NO./REV. NO.

REVIEWED

SHM

FILE NO.

FIGURE NO.

4-1

Homestake Mining Company Pitch Project Legal Description

The Pitch Project affected lands lie in portions of T.48N., R.6E., which are unsurveyed. The "Permit Area" is described as follows: Beginning at a point on East section line of Sec. 36, T.48N., R.5E., NMPM, which is N.0°26'W., approximately 2,676.30 ft. from the SE corner of Sec. 36, T.48N., R.5E., NMPM, more particularly described as the NW corner of H.E. Sur. No. 209 in suspended Sec. 31, T.48N., R.6E., NMPM, Corner No. 1, the point of beginning; thence northerly along the west boundary of T.48N., R.5E., NMPM, approximately 920 ft. to Corner No. 2; thence N52°E approximately 10,880 ft. to Corner No. 3; thence N38°W approximately 1,600 ft. to Corner No. 4; thence N52°E approximately 3,400 ft. to Corner No. 5; thence North approximately 5,310 ft. to Corner No. 6; thence East approximately 8,080 ft. to Corner No. 7; thence South approximately 5,670 ft. to Corner No. 8; thence West approximately 1,200 ft. to Corner No. 9; thence S45°,30'W approximately 15,330 ft. to Corner No. 10; thence West approximately 3,700 ft. to Corner No. 8 more particularly described as the NE Corner of H.E. Sur. No. 209 in suspended Sec. 31, T.48N., R.6E.; thence N89°, 44'W approximately 2,607 ft., along the north boundary of H.E. Sur. No. 209 in suspended Sec. 31, T.48N., R.6E., to Corner No. 1, the point of beginning.

NOTE:

BOUNDARY DESCRIPTION BASED ON PROPOSED ADJUSTED PERMIT
BOUNDARY, WHICH WAS NOT APPROVED; SEE TR-04, 1995.

