

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

FAX: (303) 832-8106



May 13, 2013

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

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

**Re: Boulder Gold Project, Notice of Intent to Conduct Prospecting (NOI), File P-2013-004,
Technical Adequacy Review and Extension of Decision Date**

Dear Mr. Bridges,

The Division has reviewed your latest technical adequacy responses, which were received here on April 26, 2013. The letter addressed the areas of the proposed project that our agency must ensure are adequate, as well as issues under the purview of the US Forest Service (USFS) and Colorado Division of Water Resources (DWR).

DRMS finds that most of the technical issues are adequate for approval. Specifically:

Your project will expose groundwater, but it will be of minimal surface area and short duration. Your recent response letter adequately addressed this issue by stating the DWR view that that any adverse impacts will be inconsequential.

Sediment will be generated, but it will be sufficiently contained and controlled through use of sediment fence around the work area, surface grading to direct runoff toward the pond, and minimizing the amount of river crossings and the size of vehicles crossing the river.

The debris generated and project disturbance will be minimized. Besides the excavated pit/pond and the installation of the gate, there will be no structures to reclaim. Reclamation tasks involving clean-up, removal, and earthwork will be minimal.

However, there are still a few issues that are not yet fully resolved:

1. The question of the USFS granting San Juan Minerals the right-of-entry, based on actual location of the proposed project, is still unanswered. Until ground conditions allow access to the site, the project boundaries may not be precisely determined, and the question of right-of-entry will remain. The NOI applicant must provide evidence of right-of-entry, but such demonstration has not been provided. Since you and USFS must access the site for purposes of measurement of the location, but access is delayed due to seasonal conditions, this office will extend the decision date by 30 days. The Division's decision date is reset for June 10, 2013.

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2. There is still the issue of whether the USFS will require any river crossing structure(s) to be installed. You have committed to include any USFS-required item in your DRMS prospecting plan when those details are known. Please provide information regarding the requirement for a river-crossing structure. You are aware that required structural removal may affect the bond amount. You have provided a financial warranty in the amount of \$1,000. The Division will postpone the final bond estimate until confirmation is received regarding the need for river-crossing structures.

Please provide the necessary information to address items 1 and 2, above, as soon as practicable. Until these items are addressed adequately this office cannot consider an approval. Please be reminded that no prospecting activity is to commence until authorization from USFS and approval from this Division are given.

I appreciate the detailed discussions provided to-date. Please include two sets of all future written responses. 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
Tom Malecek, USFS, Monte Vista