

# STATE OF COLORADO

## DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

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July 10, 2013

John M. Clement  
Executive VP & General Council  
Ouray 79 Mining, LLC  
P.O. Box 1917  
Forney, TX 75126

John W. Hickenlooper  
Governor

Mike King  
Executive Director

Loretta E. Piñeda  
Director

**RE: Deficiency Items for an NOI, Wanakah Mine, NOI File No. P-2013-010**

Dear Mr. Clement:

On June 24, 2013, the Division provided its preliminary list of deficiency items for the Wanakah Mine, NOI No. P-2013-010. On June 28, 2013, the Division received response from the Prospector. After reviewing the Prospector's response and the comments received during the public comment period, the Division has identified the following deficiency items which must be addressed to the Division's satisfaction by August 23, 2013. If these deficiency items are not fully addressed by August 23, 2013, the Division may terminate the NOI file.

1. The US Forest Service (USFS) has indicated a concern for potential adverse impact to existing roads located on USFS lands, which will be utilized by the Prospector to access the proposed prospecting site(s). The USFS has indicated a commercial Road Use Permit will be required.

Pursuant to Rule 5.5.2(h), existing roads which are to remain as permanent roads after prospecting activities are completed shall be left in a condition equal to or better than the pre-prospecting condition. Pursuant to Rule 5.3.6, the Prospector is obligated to comply with all applicable local, state and federal laws. Please state affirmatively that the prospecting activities will be compliant with US Forest Service requirements and that all existing access road segments utilized by the Prospector will be left in a condition equal to or better than the pre-prospecting condition.

2. Confidential item raised in the Division's correspondence dated July 9, 2013, not yet resolved.
3. The Division has completed a preliminary reclamation cost estimation totaling \$14,038.41. Copy of the reclamation cost estimation was previously provided with the inspection report generated from the site inspection conducted on June 4, 2013, signature date June 21, 2013. Please augment the existing financial warranty to total not less than \$14,038.41.

4. In the Division's correspondence dated June 24, 2013, the Division requested the Prospector to affirmatively state whether the proposed activities will include blasting, and if so demonstrate through appropriate blasting, vibration, geotechnical, and structural engineering analysis, that off-site areas will not be adversely affected by blasting and associated rock fall, pursuant to Rules 5.3.1 and 3.1.5(3).

The Prospector's response failed to provide the affirmative statement requested by the Division and failed to provide the demonstrations required under Rule 3.1.5(3) and Section 34-32-116(7)(h) C.R.S., specific to the use of explosives. The Prospector indicated such demonstrations could not be made until after the prospecting activities had commenced. The Prospector indicated the need for explosives could not be determined until after prospecting activities had commenced.

Pursuant to Rule 3.1.5(3) and Section 34-32-116(7)(h) C.R.S., please affirmatively state that blasting and/or the use of explosives, surface or underground, are not anticipated or requested under the proposed NOI and explosives will not be imported, stored or utilized on site under the approved NOI.

Pursuant to the provisions of Rule 5.1.1(3), the Prospector may elect to later modify the approved NOI to allow blasting and the use of explosives, after collecting sufficient data to make the appropriate demonstrations to the Division's satisfaction.

Please note the Division has not yet accepted or approved the Wanakah Mine NOI. At this time you are not authorized to commence the proposed prospecting activities, pursuant to Rule 5.1.3(a).

Please contact me at the Division's office in Durango at 691 County Road 233, Suite A-2, Durango, Colorado 81301, phone (970) 247-5469, if you have any questions.

Sincerely,



Wallace H. Erickson  
Environmental Protection Specialist

ec: John Clement, Ouray 79 Mining, LLC  
Russ Means, DRMS GJFO