

# 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



July 15, 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, Notice is Sufficient for Approval, Remainder of Financial Warranty must be Submitted**

Dear Mr. Bridges,

The Division has received copy of the project approval issued by the US Forest Service, for the Notice of Intent (NOI) named above. The USFS approval includes a short delay for the upcoming start date in order to allow publication and comment for their review decision. The Division of Reclamation, Mining and Safety (the "Division") performed a technical review of the Notice and has found no outstanding deficiencies, besides the posting of an adequate bond (financial warranty).

You have already provided a financial warranty in the amount of \$1,000. The Division's calculation of the required bond amount is considerably higher (see enclosed packet of estimated reclamation costs). Therefore, per Hard Rock and Metals Rule 5.3.3(1), the Division has set the required bond amount for this project at \$2,000. The Division cannot issue final approval of the Notice until the additional bond has been accepted. The additional \$1,000 of bond must be submitted within 60 days of this letter, or the Notice may be denied.

Please be reminded that no prospecting activity may occur until the Division has reviewed and accepted the bond. Since this site is on land managed by the USFS, please ensure that the bond form you submit to the Division contains the words "Prospecting...on BLM Lands" in its title. For questions related to filling out and submitting the bond forms, please contact Barbara Coria at the Division's Denver office. Her direct telephone number is 303-866-3567 ext. 8148.

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

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Encl: bond estimate packet

Ec(w/o encl): Russ Means, DRMS Grand Junction  
Barbara Coria, DRMS Denver  
USFS, Monte Vista

(c:\13-07 docs\Boulder Gold NOI appr&fw est/rco)

## COST SUMMARY WORK

Task description: \_\_\_\_\_

Site: Boulder Gold Permit Action: New NOI Permit/Job#: P2013004

### PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None  
Date: 7/2/2013 County: Rio Grande Filename: P004-000  
User: RCO

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Remove misc debris	DEMOLISH	1	3.00	\$213.02
002	Backfill excavated pit	LOADER	1	1.67	\$101.00
004	Haul reclamation equipment to and from site	MOBILIZE	1	6.00	\$1,199.86
<b><u>SUBTOTALS:</u></b>				<b>10.67</b>	<b>\$1,513.88</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance:	2.02%	Total =	\$30.58
Performance bond:	1.05%	Total =	\$15.90
Job superintendent:	0.00 hrs	Total =	\$0.00
Profit:	10.00%	Total =	\$151.39
		TOTAL O & P =	\$197.87
		CONTRACT AMOUNT (direct + O & P) =	\$1,711.75

#### LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs):	0.00	Total =	0.00
Engineering work and/or contract/bid preparation:	0.00%	Total =	\$0.00
Reclamation management and/or administration:	5.00%		\$85.59

CONTINGENCY: 0.00 Total = \$0.00

TOTAL INDIRECT COST = \$283.46

**TOTAL BOND AMOUNT (direct + indirect) = \$1,797.34**

## DEMOLITION WORK

Task description: Remove misc debris

Site: Boulder Gold

Permit Action: New NOI

Permit/Job#: P2013004

### PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 7/2/2013

County: Rio Grande

Filename: P004-001

User: RCO

Agency or organization name: DRMS

### UNIT COSTS

Location adjustment: 91.60 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Misc debris (gate struc, silt fence, etc.)	2 cu yds	Loading and 2 mile haul, no salvage - Hand loading	2.00	CY	\$34.28	\$68.56
Misc debris (haul and dispose)	2 cu yds	Dump fees - Building construction materials.	2.00	CY	\$82.00	\$164.00

Job Hours: 3.00

Subtotal  
(unadjusted): \$232.56

Total Cost  
(adjusted for location): \$213.02

**WHEEL LOADER – LOAD AND CARRY WORK**Task description: Backfill excavated pitSite: Boulder GoldPermit Action: New NOIPermit/Job#: P2013004**PROJECT IDENTIFICATION**Task #: 002State: ColoradoAbbreviation: NoneDate: 7/2/2013County: Rio GrandeFilename: P004-002User: RCOAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: CAT 246CHorsepower: 73Attachment 1: ROPS CabShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		Utilization %
Ownership Cost/Hour:	\$6.18	NA
Operating Cost/Hour:	\$18.01	100
Operator Cost/Hour:	\$35.82	NA
Total Unit Cost/Hour:	\$60.01	
Total Fleet Cost/Hour:	\$60.01	

**MATERIAL QUANTITIES**Initial volume: 70

CCY

Swell factor: 1.050Loose volume: 74

LCY

Source of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Loader Cycle Time: Unadjusted Basic Cycle Time (load, dump, maneuver): 0.425 minutes

Cycle Time Factors		Factor (min.)	Source
Material:	Mixed material 0.02	0.020	(Cat HB)
Stockpile:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Truck Ownership:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Operation:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Dump Target:	Nominal target 0.00	0.000	(Cat HB)
Net Cycle Time Adjustment:		0.020	minutes
Adjusted Basic Cycle Time:		0.445	minutes

**Rolling Resistance – Road Conditions**Haul: Loose sand or gravel 10Return: Loose sand or gravel 10**Haul and Return Time**

	Length (feet)	Grade Res. (%)	Rolling Res. (%)	Total Res. (%)	Travel Time (minutes)	Source
Haul Route:	50	0.00	10.00	10.00	0.0563	(Cat HB)
Return Route:	50	0.00	10.00	10.00	0.0563	(Cat HB)

Total Travel Time: 0.1126 minutes  
 Total Cycle Time: 0.5576 minutes

Load Bucket Capacity

Rated Capacity: 0.53 LCY (heaped)  
 Bucket Fill Factor: 0.975 Sand and gravel (95% - 100%) 0.975  
 Adjusted Capacity: 0.52 LCY

Job Condition Correction Factors

Site Altitude: 9300 feet

		Source
Altitude Adj:	<u>0.95</u>	(CAT HB)
Job Efficiency:	<u>0.83</u>	(1 shift/day)
Net Correction:	<u>0.79</u>	multiplier

Unadjusted Hourly Unit Production: 55.61 LCY/Hour  
 Adjusted Hourly Unit Production: 43.85 LCY/Hour  
 Adjusted Hourly Fleet Production: 43.85 LCY/Hour

JOB TIME AND COST

Fleet size: 1 Loader(s) Total job time: 1.68 Hours  
 Unit cost: \$1.369 /LCY Total job cost: \$101.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Haul reclamation equipment to and from siteSite: Boulder GoldPermit Action: New NOIPermit/Job#: P2013004PROJECT IDENTIFICATIONTask #: 004State: ColoradoAbbreviation: NoneDate: 7/2/2013County: Rio GrandeFilename: P004-004User: RCOAgency or organization name: DRMSEQUIPMENT TRANSPORT RIG COSTShift basis: 1 per day  
Cost Data Source: CRG DataTruck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,  
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER  
(25T, 50T, AND 100T)Cost Breakdown:

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
CAT 246C	3.58	\$6.18	\$88.67	1	\$94.85	\$88.67	\$250.00
Subtotals:					<b>\$94.85</b>	<b>\$88.67</b>	<b>\$250.00</b>

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 1 T. Crew	\$71.56	1	\$71.56	\$71.56
Subtotals:			<b>\$71.56</b>	<b>\$71.56</b>

**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	MONTE VISTA	
Total one-way travel distance:	36.00	miles
Average Travel Speed:	36.00	mph

Total Non-Roadable Mob/Demob Cost *	\$1,056.74
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$143.12
** one round trip, no haul rig:	

**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.00	1.00
Return Time (Hours):	1.00	1.00
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.00	2.00

**JOB TIME AND COST**

Total job time: 6.00 Hours

Total job cost: \$1,199.86