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January 26, 2020

Carmen Rose
Permit Lead
Mining Act Reclamation Program ("MARF")
New Mexico Mining and Minerals Division
Wendell Chino Building
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

[Sent Via E-Mail to Carmen.Rose@state.nm.us](mailto:Carmen.Rose@state.nm.us)

Sent Registered Mail (Entire Submittal including Compact Disc containing SRCE)

Subject: Site Wide Closeout Plan Update Application Response, Permit Modification 16-1,
Permit No. TA002RE, El Grande Mine, Response to December 30, 2019
Comments

Dear Ms. Rose:

This letter is written in response to the New Mexico Mining and Mineral Division (MMD) December 30, 2019 comments to the Dicaparl Minerals Corporation Site Wide Closeout Plan Update Application, Response Permit Modification 16-1 Permit No. TA002RE, El Grande Mine. Our responses below follow each of the bold comments provided in your December 30, 2019 letter. We appreciate MMD's partial acceptance of our November 20, 2019 responses.

We look forward MMD's acceptance of our responses, approval of the Permit Modification 16-1 and the associated financial assurance. Following MMD's review, we welcome the opportunity to discuss our responses.

- 1. Please provide an explanation, schematic, map, photographs, and/or other means of identification to describe the elements of the "MILL AREA" identified in Figure 3-1 of the August 27, 2018 PAP. This area also includes the bone yard. Include which elements will remain on site, and which elements will be demolished within 180 days of Permit Mod 16-1 approval. Additionally, as with the cost estimate included in the PAP of Mod 16-1 for the Socorro Mine (Permit No. S0001 RE) , please include an additional 20% of the maintenance shop, mill buildings, and equipment shop building demolition costs to include all equipment to be removed from inside the buildings.**



Our November 20, 2019 response included Dicaperl’s request and MMD’s agreement allowing retainment of the silos, fuel tanks, office building, and shop at the El Grande Mine site. Furthermore, our November 20, 2019 response provided antidotal information describing why the silos will not be removed concurrently with the mill, the intended future use of the silos, and a timeline of when the silos will be used. Although these features will not be demolished concurrently with the mill, the demolition costs for removing the silos, fuel tanks, office buildings, and shop building were found to be included in our previously submitted Standard Reclamation Cost Estimator (SRCE).

We understand that a site inspection of the El Grande facility with MMD and Dicaperl representatives has been scheduled for February 4, 2020 to review the mill area equipment that has been removed and will be retained. We expect that the inspection will provide further clarity. Using the information gathered during the inspection and feedback from MMD, we propose providing greater detail in the form of schematics, maps, photographs, and/or other means of identification to describe the elements of the mill area.

The November 20, 2019 SRCE for **all** “Foundations and Buildings” totals \$45,665, of which \$26,349 is associated with the building and foundation demolition for the maintenance building, mill buildings, and equipment shop building. To account for all the equipment inside these three structures only, a 20 % multiplier has been applied. The table below summarizes this analysis.

Description	Building, Wall, and Slab Demolition Cost Estimate	20% of Cost Estimate
Maintenance Shop	\$9,028	\$1,805
Mill Buildings	\$7,285	\$1,457
Equipment Shop Building	\$10,036	\$2,007
Total	\$26,349	\$5,269

The SRCE cost increase for this modification is \$5,269. The “Other” category within Section D (Structure, Equipment and Facility Removal, and Misc.) of the attached January 2020 SCRE has been modified to reflect this 20% increase.

2. Our November 20, 2019 response is acceptable to MMD.
3. The referenced changes to our November 2019 SRCE spreadsheet are acceptable to MMD.
4. The referenced changes to our November 2019 SRCE spreadsheet are acceptable to MMD.
5. Our November 20, 2019 response and the referenced changes to the November 2019 SRCE spreadsheet are acceptable to MMD.

6. The referenced changes to our November 2019 SRCE spreadsheet are acceptable to MMD.
7. Our November 20, 2019 response is acceptable to MMD.

8. Please update the "Quarries & Borrow Pits" tab in the November 2019 SRCE to include the costs of covering the quarry with 12" of cover material.

The attached January 2020 SRCE has been revised to reflect 12 inches to cover over the quarry slope and flat areas. The SRCE cost increase for this modification is \$24,317.

9. Our November 20, 2019 response is acceptable to MMD.
10. Our November 20, 2019 response is acceptable to MMD.

11. After MMD's review of the SRCE spreadsheet submitted on November 20, 2019, MMD requests that Dicaperl make the following changes to the SRCE spreadsheet to incorporate elements that were included in the Socorro Mine, Permit No. S0001 RE, but were not found in the El Grande SRCE spreadsheet submitted on November 20, 2019:

a. Update the "Misc. Costs" tab to include reclamation costs associated with removing transformers, pipelines, fencing, etc.

Three (3) electrical transformers will be removed. The attached January 2020 SRCE "Other Demolition and Equipment Removal" tab has been modified to reflect removal of the three transformers. The SRCE cost increase for this removal is \$182.

A 6 foot high, 100 foot long chain link fence surrounding the three transformers. A 3-strand, 3,560 foot-long barbed-wire fence surrounds Dump 1A. The attached January 2020 SRCE "Miscellaneous Costs" tab has been modified to reflect removal of both fences. The SRCE cost increase for removal of both fences is \$4,150.

A 120-foot underground electrical conduit is located near the office building. To avoid unnecessary disturbance, we propose that this underground electrical be cut, capped, and abandoned in place. The attached January 2020 SRCE "Miscellaneous Costs" tab has been modified to reflect the electrical line abandonment. The SRCE cost increase for abandonment is \$819.

b. Update the "Monitoring" tab to include costs associated with travel for the individual(s) monitoring the reclamation.

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We anticipate mobilizing an inspector from Albuquerque, New Mexico. We estimated 4 hours/trip, 4 trips/year for 12 years of inspections. The attached January 2020 SRCE "Monitoring" tab has been modified to reflect the anticipated travel. The SRCE cost increase for this modification is \$668.

c. Update the "Constr. Mgmt" tab to include costs associated with a temporary office rental and use of a water truck and grader during reclamation.

A temporary office and portable toilets would be required for two months. We anticipate adding one office and one temporary toilet for the two month period. The attached January 2020 SRCE "Construction Management" tab has been modified to reflect the temporary office and toilet facility. The SRCE cost increase for this modification is \$2,620.

During reclamation, the water truck and grader will be used for one month at 40 hours per month. The attached January 2020 SRCE "Construction Management" tab has been modified to include one medium size water truck and one medium size grader. The SRCE cost increase for this modification is \$7,582.

We look forward to working together to get this closeout plan completed. If you have any questions regarding any of the information contained within or if you have any further questions regarding this submittal, please do not hesitate to contact me at (406) 441-1475.

Sincerely,

A handwritten signature in black ink that reads "Jon Nickel". The signature is written in a cursive, flowing style.

Jon Nickel

Attachments:
SRCE Spreadsheet (January 2020)

cc. Rocky Torgrimson
Allen Norris