




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Eldorado-Pilot	MINE/PROSPECTING ID#: M-1990-059	MINERAL: Gold and silver	COUNTY: Ouray
INSPECTION TYPE: Monitoring	INSPECTOR(S): Wallace H. Erickson	INSP. DATE: September 20, 2013	INSP. TIME: 10:30
OPERATOR: Gil Moser	OPERATOR REPRESENTATIVE: None present	TYPE OF OPERATION: 110(1) - Hard Rock Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$1,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 17, 2013

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS----- <u>N</u>	(FN) FINANCIAL WARRANTY----- PB	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>Y</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(SB) COMPLETE INSP---- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	(ST) STIPULATIONS----- <u>NA</u>

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

INSPECTION TOPIC: Financial Warranty

PROBLEM: The Division has reviewed the current cost of reclamation totaling \$2,194.91. Therefore, the existing \$1,000 financial warranty is not adequate to reclaim the site in accordance with the approved reclamation plan. This is a failure to maintain the financial warranty in an amount sufficient to complete reclamation of the affected lands pursuant to C.R.S. 34-32-117(4)(b).

CORRECTIVE ACTIONS: Pursuant to C.R.S. 34-32-110(1)(d)(I), the maximum financial warranty for this 110(1) type operation is \$1,500. Pursuant to Rule 4.2.1(2), the Operator has 60 days from the date of this report, due December 16, 2013, to provide \$500 additional financial warranty to ensure a total financial warranty not less than \$1,500, or complete portions the reclamation plan sufficient to render the existing surety adequate.

CORRECTIVE ACTION DUE DATE: December 16, 2013

OBSERVATIONS

This inspection occurred as part of the Division's routine monitoring plan for permitted operations. The Eldorado Pilot is approved for 0.11 acre affected area for the purpose of extracting precious metal ore. Affected lands will be reclaimed to support recreation post-mining land use. The Division holds \$1,000 financial warranty. This report is accompanied by four photos and an updated reclamation cost estimation totaling \$2,194.91.

Division records indicate the Operator commenced final reclamation during the fall 1999. At that time the Operator closed the portal by backfill, graded affected lands to stable slopes, and removed most of the mine related equipment and debris. Shortly thereafter the Operator redistributed available topsoil and applied the reclamation seed mix. During a follow-up inspection, occurring September 15, 2000, the Division noted settlement of the backfill materials had resulted in the portal reopening. The Operator attempted to safeguard the opening by placing several large boulders. In the inspection report generated from the August 20, 2007 inspection, the Division noted the boulders had been displaced and the portal was no longer safeguarded. The same observation was recorded in the Division's inspection report generated from the August 15, 2010 inspection. As shown in the current photos, the Operator has completed reclamation with the exception of safeguarding the portal against unauthorized entry and removal of minor mine-related debris. Pursuant to permit conditions and Rule 3.1.5(6) the Operator is obligated to close the portal and/or safeguard the portal against unauthorized entry, and remove all mine related equipment and debris.

Based on observations made during the inspection and recorded in this report, and conditions of the reclamation plan and requirements of the Act and Rules, the Division has reviewed the current cost of reclamation totaling \$2,194.91. Therefore, the existing \$1,000 bond is not adequate to ensure the successful completion of reclamation. Pursuant to C.R.S. 34-32-110(1)(d)(I), the maximum financial warranty for this 110(1) operation is \$1,500. Pursuant to Rule 4.2.1(2), the Operator has 60 days, due December 16, 2013, to provide \$500 additional bond to ensure a total financial warranty not less than \$1,500, or complete portions of the reclamation plan sufficient to render the existing surety adequate.

Response to this inspection report should be addressed to Wally Erickson at the Division's office in Durango at 691 County Road 233, Suite A-2, Durango, Colorado 81301, phone (970) 247-5469.

Attachment: Certificate of Service

Enclosures: four photos and reclamation cost estimation totaling \$2,194.91

Certificate of Service

I, Wallace H. Erickson, hereby certify on this 17th day of October, 2013, placed a true copy of the foregoing inspection report generated from the September 20, 2013 inspection of the Eldorado Pilot, Permit No. M-1990-059, with enclosures, in the US Mail, postage paid and addressed to the following individual:

Gil Moser
705 Crestview Dr.
Farmington, NM 87401

Wallace H. Erickson 10/17/13

COST SUMMARY WORK

Task description: Summary of reclamation tasks and costs

Site: Eldorado-Pilot

Permit Action: Routine bond
update

Permit/Job#: M1990059

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 10/17/2013

County: Ouray

Filename: M059-000

User: WHE

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Close portal	MINESEAL	1	0.00	\$289.80
002	Revegetate 0.11 acres affected land	REVEGE	1	0.00	\$555.49
003	Haul reclamation equipment to and from job site	MOBILIZE	1	4.00	\$1,003.47
<u>SUBTOTALS:</u>				4	\$1,848.76

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$37.34

Performance bond: 1.05%

Total = \$19.41

Job superintendent: 0.00 hrs

Total = \$0.00

Profit: 10.00%

Total = \$184.88

TOTAL O & P = \$241.63

CONTRACT AMOUNT (direct + O & P) = \$2,090.39

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%

\$104.52

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$346.15

TOTAL BOND AMOUNT (direct + indirect) = \$2,194.91

SAFEGUARDING UNDERGROUND OPENINGS

Task description: Close portal

Site: Eldorado-Pilot

Permit Action: Routine bond update

Permit/Job#: M1990059

PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 10/17/2013

County: Ouray

Filename: M059-001

User: WHE

Agency or organization name: DRMS

UNIT COSTS

Opening Description	Dimensions	Closure Method	Quantity	Unit	Unit Cost	Total Cost
Portal has re-opened due to settling	3' x 3'	Adit closure - backfilling (per cu. yd.)	180.00	CY	\$1.61	\$289.80

Job Hours: 0.00

Total Cost: \$289.80

REVEGETATION WORKTask description: Revegetate 0.11 acres affected landSite: Eldorado-PilotPermit Action: Routine bond updatePermit/Job#: M1990059PROJECT IDENTIFICATIONTask #: 002State: ColoradoAbbreviation: NoneDate: 10/17/2013County: OurayFilename: M059-002User: WHEAgency or organization name: DRMSFERTILIZING**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
10-34-0, 18-46-0, 5-10-5	200.00	pound	\$0.33	\$65.40
			Total Fertilizer Materials Cost/Acre	\$65.40

Application

Description	Cost /Acre
Hand spread (MEANS 32 01 90.13 0100)	\$509.65
Total Fertilizer Application Cost/Acre	\$509.65

TILLING

Description	Cost /Acre
Hand raking (MEANS 32 91 13.23 0250)	\$1,219.68
Total Tilling Cost/Acre	\$1,219.68

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Meadow Brome - Regar	20.40	18.73	\$61.20
Russian Wildrye - Bozoisky	4.00	16.07	\$24.96
Red Clover - Medium	1.50	9.30	\$2.78
Tall Fescue - Fawn E.F.	5.00	26.06	\$5.80
Slender Wheatgrass - Pryor	6.00	21.90	\$18.54
Totals Seed Mix	36.90	92.06	\$113.28

Application

Description	Cost /Acre
Broadcast seeding [DMG]	\$261.28

Total Seed Application Cost/Acre	\$261.28
---	-----------------

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Hay, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$265.00	\$530.00
Total Mulch Materials Cost/Acre				\$530.00

Application

Description	Cost /Acre
Hand spread, 1" deep (MEANS 32 91 13.16 0200)	\$2,855.60
Total Mulch Application Cost/Acre	\$2,855.60

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres: 0.1 Cost /Acre: \$5,554.89
 Estimated Failure Rate: 20% Cost /Acre*: \$0.00
 *Selected Replanting Work Items: NONE

Initial Job Cost: \$555.49
 Reseeding Job Cost: \$0.00
 Total Job Cost: \$555.49
 Job Hours: 0.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Haul reclamation equipment to and from job siteSite: Eldorado-PilotPermit Action: Routine bond updatePermit/Job#: M1990059PROJECT IDENTIFICATIONTask #: 003State: ColoradoAbbreviation: NoneDate: 10/17/2013County: OurayFilename: M059-003User: WHEAgency or organization name: DRMSEQUIPMENT TRANSPORT RIG COSTShift basis: 1 per dayCost 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 446D	9.80	\$17.31	\$88.67	1	\$105.98	\$88.67	\$250.00
Subtotals:					\$105.98	\$88.67	\$250.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$96.86	1	\$96.86	\$96.86
Subtotals:			\$96.86	\$96.86

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	OURAY	
Total one-way travel distance:	9.00	miles
Average Travel Speed:	18.00	mph

Total Non-Roadable Mob/Demob Cost *	\$906.61
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$96.86
** one round trip, no haul rig:	

Transportation Cycle Time:

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

JOB TIME AND COST

Total job time:	4.00	Hours
-----------------	------	-------

Total job cost:	\$1,003.47
-----------------	------------

Eldorado Pilot
M-1990-059
September 20, 2013

Portal

Debris

View south, taken from the edge of the reclaimed mine dump and showing evidence of settlement of the backfill material at the portal and mining related debris remaining on site.

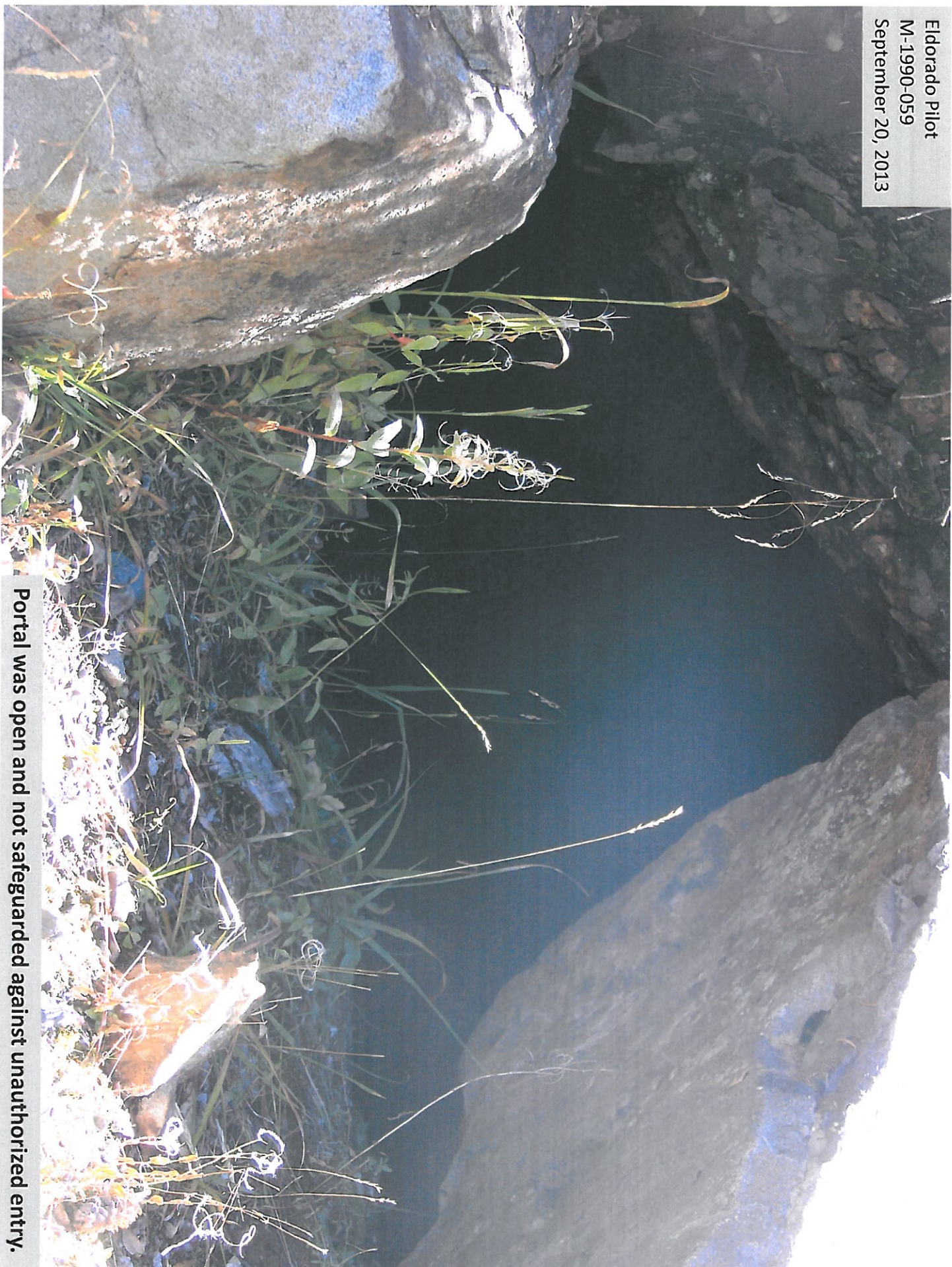


Eldorado Pilot
M-1990-059
September 20, 2013



Detail photo of settlement of the backfill material at the portal.

Eldorado Pilot
M-1990-059
September 20, 2013



Portal was open and not safeguarded against unauthorized entry.

Eldorado Pilot
M-1990-059
September 20, 2013

Mining related debris was observed
immediately east of the portal.

