




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: Incas Mine	MINE/PROSPECTING ID#: M-1986-076	MINERAL: Gold and silver	COUNTY: La Plata
INSPECTION TYPE: Monitoring	INSPECTOR(S): Kate A. Pickford	INSP. DATE: October 1, 2013	INSP. TIME: 13:00
OPERATOR: DGMCC	OPERATOR REPRESENTATIVE:	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$18,033.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 29, 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.

INSPECTION TOPIC: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: Rule 1.13.5 states, if an Operator temporarily ceases production of the mining operation for one hundred eighty (180) days or more, the Operator must file a Notice of Temporary Cessation in writing to the Office.

CORRECTIVE ACTIONS: The Division recommends the Operator file for Temporary Cessation. The start date of the initial 5 year Temporary Cessation period is retroactive to the last date the site was active. If that date is more than 5 years ago, the operator is required ask the Board for a 5 year extension to the Temporary Cessation period (per rule 1.13.5 (3) and 1.13.8 (b) or begin reclamation. Please submit a request for Temporary Cessation by the deadline date listed.

CORRECTIVE ACTION DUE DATE: 12/02/13

INSPECTION TOPIC: Acid And Toxic Materials

PROBLEM/POSSIBLE VIOLATION: Problem: The manager of the site informed the Division that the operator has advised him to remove the cyanide from the site.

CORRECTIVE ACTIONS: The cyanide that is to be removed from the site must be disposed of properly and according to the regulations relative to its disposal. The operator must supply the Division with proof of appropriate disposal of the cyanide. If the cyanide is not removed by the resolution date of December 2, 2013, the operator must notify the Division as to when the cyanide will be removed and comply with the above corrective actions when the cyanide is disposed of.

CORRECTIVE ACTION DUE DATE: 12/02/13

OBSERVATIONS

This inspection was conducted as part of the Division of Reclamation, Mining and Safety monitoring plan. Present at this inspection were Tom Baca, Ray Ferguson, and Russ Means and Kate Pickford of DMRS.

The site is in the same condition as it was during the inspection conducted in November of last year. The mill is not operating, but has been maintained. It appears to be secure, although one of the upper windows is out. Therefore the inside of the building is exposed to the elements.

A 55-gallon drum with a label identifying the contents as cyanide is located in the containment area just inside the access door. Milling equipment is located throughout the remainder of the building. The cut into the side of the hill, where ore is extracted, is still in the same condition as during the last inspection, as is the tailings pond adjacent to the cut. Various processing equipment is located on the site, outside of the mill building.

The site has been inactive for multiple years. The operator was advised to request Temporary Cessation for the site last year, at the time of the previous inspection on November 8, 2012. The operator submitted a plan for proposed activities during the 2013 season, but none of these activities were performed. Therefore, a request for Temporary Cessation and the appropriate fee must be submitted to the Division by December 2, 2013 in order for the operator to avoid enforcement action.

Mr. Baca stated that the operator has requested that he remove the cyanide from the site. See the problem cited in this report and comply with the corrective actions noted.

The reclamation bond was re-calculated for the site resulting in an increase in the required bond amount for the site. See enclosed information related to a surety increase.

PHOTOGRAPHS



GENERAL INSPECTION TOPICS

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

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

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

Inspection Contact Address

Paul Martin
DGMC
125 W Main St.
Farmington, NM 87401

Enclosure: Surety Increase Notice