

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

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November 1, 2013

Dale Herbertson
Sara Ray Silver Mining LLC
6542 W. Mexico Ave.
Lakewood, CO 80232

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Pineda
Director

INADEQUATE ANNUAL FEE/REQUEST FOR UPDATE OF INFORMATION **PLEASE READ CAREFULLY – ACTION REQUIRED**

On October 15, 2013, the Division of Reclamation, Mining and Safety received your Annual Fee for NOI No. P-2011-004, Ajax Mine. However according to Division records, the Annual Fee, report or map is inadequate.

Annual Fee: Inadequate

If the annual fee has not been submitted, please remit \$86.00. If the annual fee is *inadequate* please remit the remaining balance.

Enclosed is an annual report form with reporting instructions.

The Annual Report and Fee requirement will be considered submitted when we have received the following components:

1. **APPROPRIATE ANNUAL FEE**
2. **COMPLETED REPORT**
3. **ASSOCIATED MAP**

FAILURE TO SUBMIT AN ADEQUATE PACKET MAY RESULT IN ENFORCEMENT ACTION WITH ASSOCIATED CIVIL PENALTIES. The Division **must receive the complete Packet no later than 5 p.m. on December 1, 2013** (if this date falls on a weekend or state recognized holiday your Packet will be due on the next regular business day), or a Notice of Violation, Cease and Desist Order from ALL mining related activities, Civil Penalties equal to the amount of the annual fee(s) due, and a Notice of Formal Public Hearing before the Mined Land Reclamation Board for consideration of POSSIBLE NOI REVOCATION AND FINANCIAL WARRANTY FORFEITURE will be issued for this account.

Thank you for your cooperation in this matter. If you have any questions, please feel free to contact Jim Dupler (303)866-3567 x8119.

Enclosure – annual report form

MP Annual Report

Permittee Name:	Sara Ray Silver Mining LLC	Permit Number:	P-2011-004
Operation Name:	Ajax Mine	County:	Park
Annual Fee Due:	\$86.00	Anniversary Date:	September 1, 2013
Permit Acreage:	0.00	Current Bond Amt:	\$100.00

According to Colorado Statute, each year, on the anniversary date of the permit, an operator shall submit the Annual Fee, an Annual Report and Map showing the extent of current disturbances to affected land, required monitoring information, reclamation accomplished to date and during the preceding year, any new disturbance that is anticipated to occur during the upcoming year, any reclamation that will be performed during the upcoming year, the dates for the beginning of active operations, and the date active operations ceased for the year.

Information contained in this report is required and will be reviewed by the Division upon receipt and prior to the next compliance inspection of the site. If, while completing this report, you learn that your site is not in compliance with the rules and the act, it is advisable that the issues be rectified promptly to avoid possible enforcement action.

1. Is the affected area boundary clearly marked if you have an excavation or portal? YES NO
2. Is the site in final reclamation? YES NO
If "YES," please note time limits related to completion of reclamation, Rule 3.1.3.
3. What was the date of last exploration activity? _____
4. What date did prospecting activity end, or what date is it expected to end? Rule 5.6.1(e). _____
5. Number of acres currently affected (exploration+ incomplete reclamation). _____
6. Number of acres that were newly affected during the current report year. _____
7. Number of acres that were reclaimed during the current report year. _____
8. Estimated new acreage to be affected in the next report year. _____
9. Estimated acres to be reclaimed in the next report year. _____

10. **Total acres** in various stages of reclamation, since permitted exploration activities began:

Total acres backfilled:		Total acres seeded w/ approved mix:		Total acres w/topsoil replaced:		Total acres mulched w/ approved mulch:	
Total acres graded:		Total acres fertilized w/ apvd fertilizer:		Topsoil replacement depth (in.):		Mulch application rate (tons/ac):	
Seed application method:		Fertilizer application method:		Mulch application method:			

11. Is weed control being conducted in accordance with an approved Weed Control Plan? YES NO N/A
If "YES", indicate the weed species, control area, control type, application rate and treatment date on the report map.
12. Is adequate topsoil reserved for reclamation, based on your approved NOI? YES NO N/A
If "NO", please explain:

Is the reserved topsoil vegetated/stabilized in accordance with Rule 3.1.9(1)? YES NO N/A
If "NO" please explain:
13. If exploration has exposed groundwater, is the site in compliance with the approved mining plan and Office of the State Engineer (Well Permit, S.W.S.P., and/or Permanent Augmentation Plan)? YES NO N/A
14. Are all hazardous materials stored within approved spill containment structures? YES NO N/A
15. Does your NOI reclamation plan or Environmental Protection Plan require you to submit monitoring information annually? YES NO N/A

If "Yes", please attach the required monitoring results to this Annual Report as required by Rule 1.15(1)(c).
16. As required by Rule 5.6(1)(g) submit with this report documentation to show that the Financial Warranty is still in place and is adequate to fully reclaim the approved prospecting site disturbance(s).

FINANCIAL WARRANTY DOCUMENTATION ATTACHED: _____

17. Please use the space below to describe as required by Rule 5.6(1)(c) any new prospecting activity that occurred during the preceding year, including the locations and number of new surface drill holes, mud pits, excavations, rock dumps, adits, shafts, trenches, pits, roads and structures. If applicable, you must also describe the measures taken to safeguard shafts, adits and other mine openings from unauthorized entry both during and after prospecting. Additional pages should be attached if needed.

18. As required by rule 5.6.1(f), attach a map to this report that accurately depicts the NOI boundary, current affected area, location of all previously listed featured, and all acreages listed in items 6 through 12 and item 20. These activities must be identified on a site map of adequate scale to field locate these areas, and may include coordinates in latitude and longitude to at least 5 decimal places, or UTM coordinates with the datum and zone specified.

UPDATED MAP ATTACHED: _____

19. Rule 5.7 requires submittal of final abandonment reports within 60 days for any drill hole(s) with artesian flows and no later than 12 months for all other completed drill holes.

ABANDONMENT REPORTS ATTACHED: _____ or.. N/A

20. Division records indicate the following permittee/landowner contact information. If this information is not current, please type or print current contact information: Rule 5.6.1(a, b).

Permittee Contact:	Dale Herbertson	
Permittee Company:	Sara Ray Silver Mining LLC	
Address:	6542 W. Mexico Ave. Lakewood, CO 80232	
Phone Number:	(303) 922-4743	
Fax Number:		
Email Address:	CF.PR.email	

Landowner Contact:		
Landowner Address:		
Landowner Phone Number:		
Landowner Email		

I, the undersigned, hereby state that the information provided in this report is true and accurate, and that site operations are being conducted in accordance with the Division approved NOI and reclamation plans. Rule 5.6.1(h).

Signature of Permittee, Corporate Officer, Owner, or Documented Designee

Date