

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



January 8, 2014

Paul F. Martin
DGMC
125 W Main Street
Farmington, NM 87401

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

RE: Reason to Believe a Violation Exists, Scheduling of Board Hearing,
Incas Mine, Permit No. M-1986-076

Dear Mr. Martin:

On October 1, 2013 The Division of Reclamation, Mining and Safety (Division) conducted a monitoring inspection of the above site. As part of that review, the financial warranty was recalculated to determine the adequate amount required for reclamation based on the current disturbance at the site in accordance with Rule 4.2.1. On October 29, 2013 the Division notified you that the required bond for this site had been increased from the current \$18,033.00 the Division holds to \$29,908.68. This is an increase of \$11,869.68. The notice of financial warranty increase advised that the additional bond needed to be submitted within 60 days of the notice. The deadline for submittal of the additional financial warranty was December 28, 2013. The Division has not received the additional financial warranty.

Therefore, the Division believes this is in violation of the Colorado Land Reclamation Act for the Hard Rock and Metal mines, C.R.S. 34-32-101 et. seq., and specifically C.R.S. 34-32-117 (4)(c)(II) for failure of the financial warrantor to fulfill the new requirements within sixty days after the date of notice of an adjustment. Therefore, the Division has found reason to believe a violation exists to the Law and has scheduled this matter before the Mined Land Reclamation Board (Board).

A Formal Board Hearing will be held during the February 19 & 20, 2014 Board meeting for consideration of the possible violation. The hearing will occur at 1313 Sherman Street, Room 318, Denver, Colorado, beginning at 9:00 a.m. or as soon thereafter as the matter can be considered. At the hearing you will have opportunity to be represented and heard.

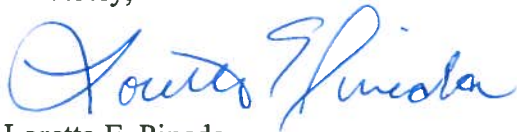
If the Board finds a violation at this hearing, it may issue a Cease and Desist Order and assess a Civil Penalty in the amount of \$50 to \$200 for each day of violation. If you have evidence indicating that the possible violation noted above does not exist or has been corrected, please provide it to the Division as soon as possible or bring it to the hearing.

Following the hearing, all parties have an opportunity to review and comment on a draft of the Board's order before it becomes final. If you wish to do so, you must provide the Board with a written request to review the draft order prior to or at the time of your hearing, or you must inform the Board orally during the hearing that you request to review the draft order. You must include your mailing address and, if possible, a fax or email address. You will be provided a copy of the draft order by e-mail for your review as soon as it is available, unless a hard copy by mail is requested. The Board's attorney must receive your comments on the draft order within three calendar days of the date the draft order is e-mailed, unless that deadline is extended by the Board's attorney. Submit all comments in writing, by e-mail or fax, to Mr. John Roberts, jj.roberts@state.co.us, Fax: number 303-866-5395. Please note that the Division of Reclamation, Mining and Safety has requested and will be allowed to review and comment on the draft Board Order prior to mailing to any party. The Board will resolve any issues regarding the form and substance of the order. This process does not affect your right to request reconsideration by the Board or appeal the form or substance of the order.

Please contact the Board's secretary, Ms. Sitira Pope, at the Division's office in Denver, phone (303) 866-3567 extension 8136, to confirm the specific date for the hearing. The Board's agenda may not be finalized prior to the week of the Board meeting. Therefore, we recommend you contact Ms. Pope on February 17, 2014. If you find you are having difficulty contacting Ms. Pope on that date, you may contact the Division's receptionist at (303) 866-3567 extension 0.

If you have any questions please contact Kate Pickford at (970) 259-5861.

Sincerely,



Loretta E. Pineda
Division Director

CERTIFIED MAIL NO. 7012 3460 0000 6384 5030
Return Receipt Requested

cc: Julie Murphy, AGO
Tony Waldron, DRMS
Russ Means, DRMS GJFO