




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: Lily Mines	MINE/PROSPECTING ID#: M-1987-028	MINERAL: Marble	COUNTY: Chaffee
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin M. Czapla	INSP. DATE: September 10, 2014	INSP. TIME: 12:30
OPERATOR: Monarch Mountain Minerals and Aggregates,	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$282,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 30, 2014

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: Operator has failed to annually report geotechnical information regarding construction of highwalls and benches as committed to. In correspondence received October 16, 2006 from Azurite, Inc., the operator has committed to "...creation of a separate section in each annual reclamation report that describes geotechnical observations and tests conducted over the previous year and reports on the design and construction of highwalls and benches based on the geotechnical investigations." This condition was implemented into the permit through approval of CN-1 on May 9, 2007.

CORRECTIVE ACTIONS: Submit the required geotechnical reporting information.

CORRECTIVE ACTION DUE DATE: 10/31/14

OBSERVATIONS

This inspection was conducted as part of the Division of Reclamation, Mining and Safety's (Division) normal monitoring program. An operator representative was not present. Photographs are included with this report in order to illustrate some of the conditions observed.

The Lily Mines is located approximately fifteen miles west of Poncha Springs and accessed from FR228. The site is a 112c operation that includes a total of 97 permitted acres. The Division currently holds a financial warranty amount of \$282,000.00 for this site. The Division has reviewed the reclamation costs, in order to ensure the financial warranty reflects the actual current cost of fulfilling the requirements of the Reclamation Plan, and determined that the current financial warranty amount is sufficient.

Adequate mine identification signage was noted at the entrance to the site.

The affected area boundary markers were not observed, however, the disturbance at the site appears to be well within the permit area. Mining was not occurring during this inspection.

Vegetation on the reclaimed slope in the south permit area adjacent to Taylor Gulch is becoming well established. Rills or gullies were not observed on the slope.

The riprap areas of Taylor Gulch below FR228 appeared stable.

Stockpiled topsoil was not observed on site.

The east facing highwall spans approximately 1,000 linear feet up to heights of 40-60 feet. A condition of the permit requires the operator to include a report describing geotechnical conditions related to construction of the highwalls with their annual report each year. A review of the permit file found that this condition has not been complied with. This has been noted as a problem.

No other problems or violations were noted during this inspection.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

PHOTOGRAPHS



Figure 1: Mine ID sign at entrance



Figure 2: Reclaimed slope at foot of waste pile



Figure 3: Mine bench and stockpile area



Figure 4: South highwall area



Figure 5: South highwall area



Figure 6: North highwall area

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

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Enclosure

CC: