




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: Cresson Project	MINE/PROSPECTING ID#: M-1980-244	MINERAL: Gold	COUNTY: Teller
INSPECTION TYPE: Aerial Inspection	INSPECTOR(S): Timothy A. Cazier	INSP. DATE: August 28, 2015	INSP. TIME: 09:05
OPERATOR: Cripple Creek & Victor Gold Mining Company	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$136,475,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 1, 2015	

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: Fish & Wildlife

PROBLEM/POSSIBLE VIOLATION: Problem: A significant amount of water, exceeding the allowed 3' x 3' area under section II.B of the Wildlife Protection Plan was observed on the AGVLF.

CORRECTIVE ACTIONS: Provide an explanation of the situation and a proposed means to address/mitigate the problem by the Corrective Action due date.

CORRECTIVE ACTION DUE DATE: 9/16/15

INSPECTION TOPIC: Fish & Wildlife

PROBLEM/POSSIBLE VIOLATION: Problem: A significant amount of potentially impacted water was observed in the SGVLF PSSA. This is a potential wildlife attractant.

CORRECTIVE ACTIONS: Provide an estimate as to how long this condition may persist and a proposed means to address/mitigate the problem by the Corrective Action due date.

CORRECTIVE ACTION DUE DATE: 9/16/15

INSPECTION TOPIC: Support Facilities Not On-site

PROBLEM/POSSIBLE VIOLATION: Problem: The observed ponded water on the AGVLF surface appears to have saturated the surface and may pose geotechnical slope instability problems.

CORRECTIVE ACTIONS: Provide a geotechnical slope stability analysis assuming saturated material exits to the appropriate depth to assess the impact on the factors of safety presented in the MLE2/Amendment 10 slope stability exhibit.

CORRECTIVE ACTION DUE DATE: 9/23/15

INSPECTION TOPIC: Support Facilities Not On-site

PROBLEM/POSSIBLE VIOLATION: Problem: The observed ponded water in the SGVLF PSSA may pose geotechnical slope instability problems that may lead to sloughing on the certified and approved PSSA liner.

CORRECTIVE ACTIONS: Provide a geotechnical slope stability analysis assuming saturated material exits at the toe of the DCF covered liner to assess the impact on the factors of safety presented in the MLE2/Amendment 10 slope stability exhibit.

CORRECTIVE ACTION DUE DATE: 9/23/15

OBSERVATIONS

This was an aerial photo inspection of the Cresson Project conducted by Tim Cazier of the Colorado Division of Reclamation, Mining and Safety (Division) based on aerial photographs taken by the Division. No operator was present during the inspection. The site is a 112d-3 gold mine located between Cripple Creek and Victor in Teller County.

The aerial photos were taken on August 28, 2015. The purpose of the inspection was to provide the Division a broad perspective that cannot be obtained from the ground and to document changes in areas of the mine experiencing rapid change. The Division expects to perform aerial inspections quarterly.

The following table summarizes the attached photos:

Photo ID	Mine Facility	Perspective	Notes
Photo 1	Wildhorse Extension Pit (WHEX)	Looking south	9 benches and pit floor, ECOSA beyond
Photo 2	Drain Cover Fill stockpile	Looking NE	Stockpiling for SGVLF
Photo 3	East Cresson OSA (ECOSA)	Looking SW	Beginning new lifts
Photo 4	South Cresson & Phase V AGVLF	Looking north	West end of South Cresson only.
Photo 5	Main Cresson Pit	Looking north	Squaw Gulch OSA beyond
Photo 6	Arequa Gulch VLF	Looking SE	Note ponded water on surface
Photo 7	New Mill	Looking south	AGVLF beyond
Photo 8	Squaw Gulch OSA	Looking east	DCF stockpile in foreground, Phase 2 SGVLF subgrade nearly complete
Photo 9	Squaw Gulch VLF (SGVLF)	Looking NE	Note significant ponding in PSSA
Photo 10	SGVLF underdrain Ponds:	Looking south	Note well vegetated slope to left
Acronyms: PSSA – Pregnant Solution Storage Area OSA – overburden storage area VLF – valley leach facility			

The significant amount of water observed on the AGVLF surface (see **Photo 6**) appears to be out of compliance with section II.B of the approved Wildlife Protection Plan. The Division also has concerns as to what, if any effect the ponded water may have on the geotechnical slope stability of the AGVLF. These issues are cited as problems on p. 1 of this report.

Ponded water was also observed in the PSSA area of the SGVLF (see **Photo 9**). The Division had not expected this amount of potentially impacted water (*potentially impacted as the Division understands impacted water from the new mill area is routed to the PSSA*) being exposed during the construction of the SGVLF. Further, we

could not find any discussion in the approved permit about this condition, but it appears to be a potential wildlife attractant. This ponded condition may also have geotechnical implications on the stability of the DCF covered liner in the PSSA. The saturated toe of the covered liner may lead to slope instability, causing the DCF to slide and potentially damage the certified, approved geomembrane liner in the PSSA. These issues are also cited as problems on p. 1 of this report.

PHOTOGRAPHS



Photo 1. Wildhorse Extension Pit (looking south).

PHOTOGRAPHS (cont.)

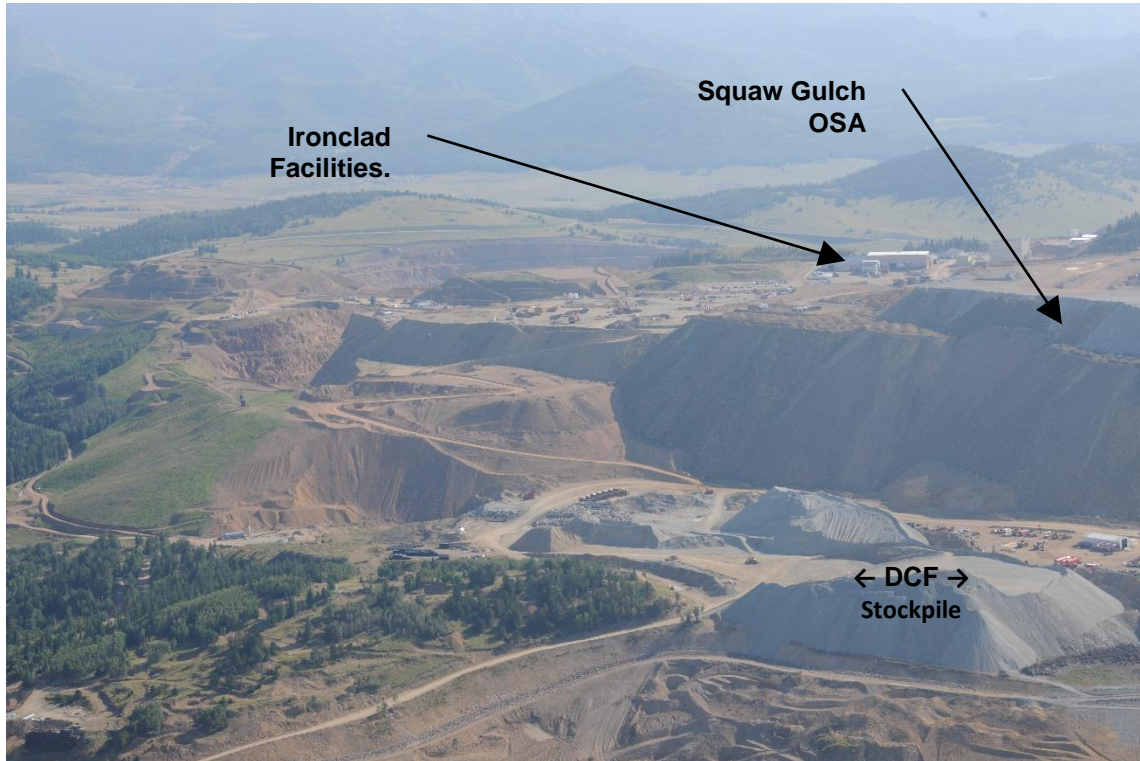


Photo 2. Drain Cover Fill stockpile (looking NE).

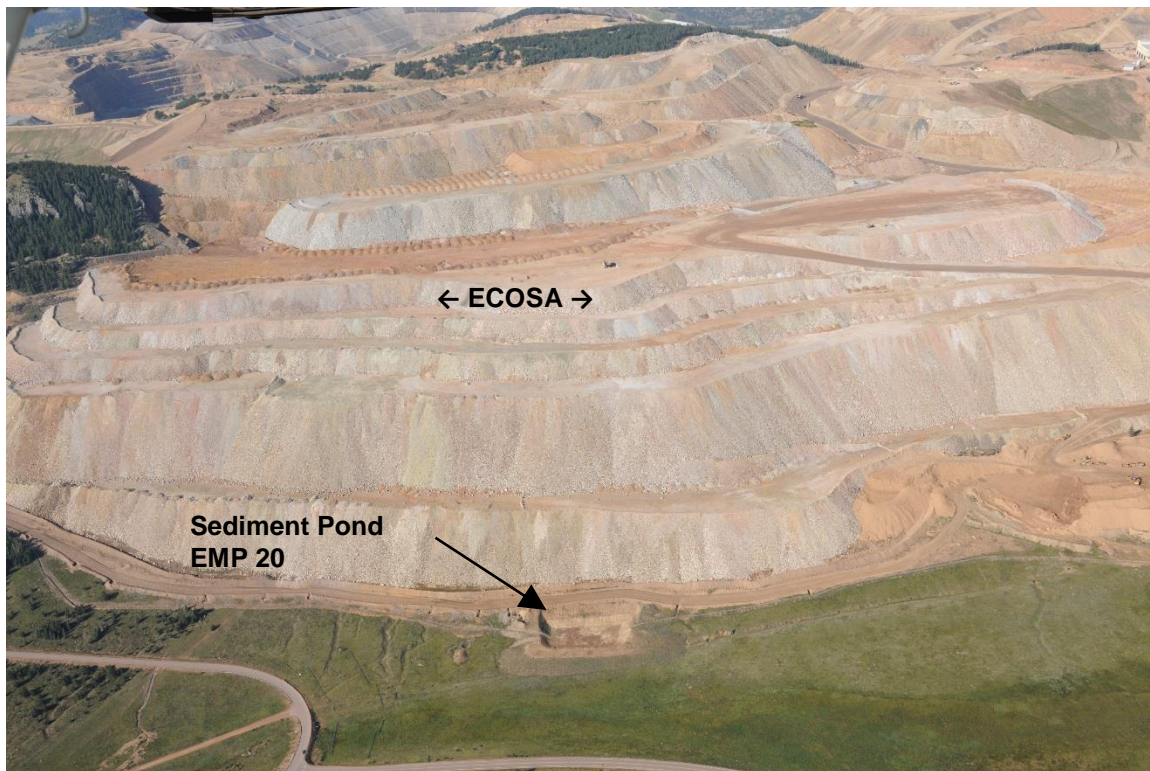


Photo 3. East Cresson OSA (looking SW).

PHOTOGRAPHS (cont.)



Photo 4. South Cresson & Phase V AGVLF (looking NE).



Photo 5. Main Cresson Pit (Looking north).

PHOTOGRAPHS (cont.)



Photo 6. Arequa Gulch VLF (Looking SE) [*Larger areas of ponded water are circled*].



Photo 7. New Mill (Looking south).

PHOTOGRAPHS (cont.)

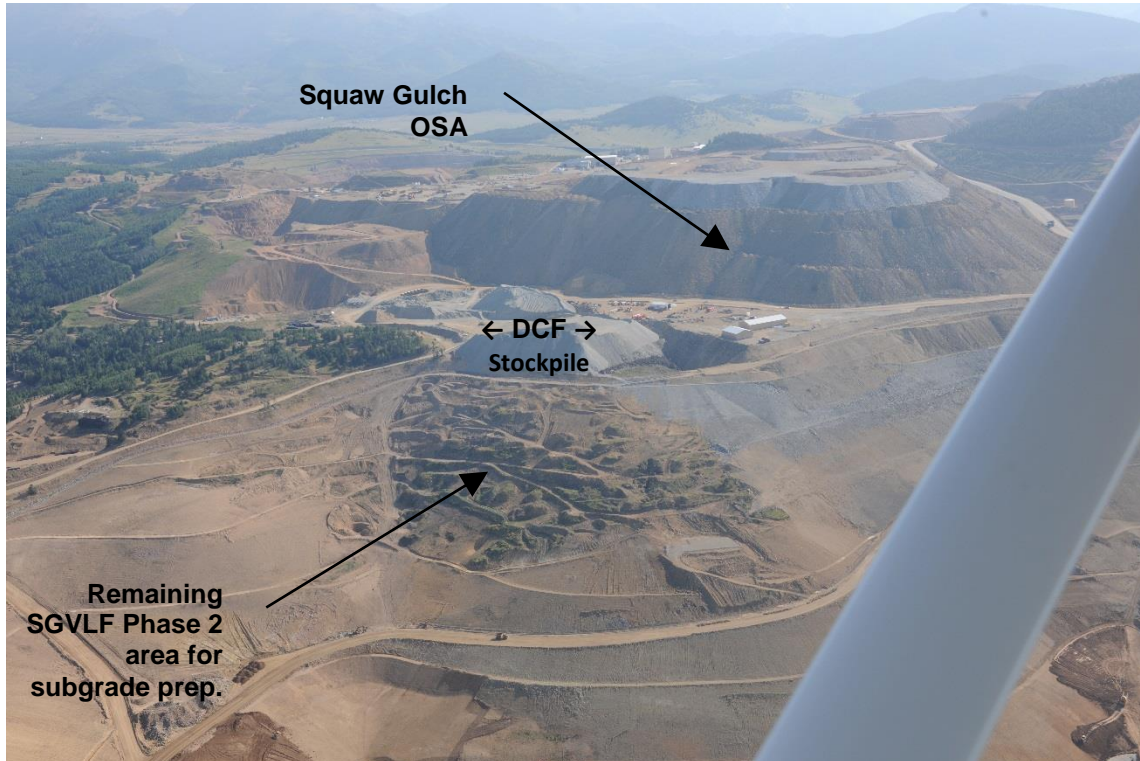


Photo 8. Squaw Gulch OSA (looking east).



Photo 9. Squaw Gulch VLF (Looking NE) [Note significant ponding in PSSA].

PHOTOGRAPHS (cont.)



Photo 10. SGVLF underdrain Ponds (Looking south) [*Note well vegetated slope to left*].

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----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES---- 2x PB	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- 2x PB	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SW) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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

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