




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: Multi Person Inspection	INSPECTOR(S): Lucas J. West, Dustin Czaplá, Russ Means	INSP. DATE: October 22, 2015	INSP. TIME: 09:00
OPERATOR: DGMC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$30,033.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 3, 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: Availability Of Records
PROBLEM/POSSIBLE VIOLATION: Problem: According to our records the property was sold within the last two years, however an official Succession of Operator request was never filed. According to Section 6.3.7 of the Hard Rock and Metals Mining Rules the Operator must demonstrate the legal right to enter.
CORRECTIVE ACTIONS: The Operator must demonstrate legal right to enter the property no later than December 12, 2015.
CORRECTIVE ACTION DUE DATE: 12/15/15

OBSERVATIONS

This inspection was attempted on October 22, 2015. No Operator representative was present during the attempt. The Incas Mine as a 110(d) that is currently in Temporary Cessation. The site is located 10 Miles Northwest of Durango and is accessed through another permitted mining operation, East of County Road 124. The Division currently holds \$30,033.00 in Financial Warranty. No photos accompany this report as the inspection was not completed.

The Division contacted Mr. Paul Martin who is the Operator on all records held by the Division. Mr. Martin explained that the property and all of its associated assets were sold to Mike Clements within the last two years. Although the property was sold, the permit was never officially transferred the permit. Notification and the appropriate application for Succession of Operator packet was sent to the Operator on September 22, 2015. At this time no official Succession of Operator request has been filed. Please be advised that until a request for a Succession of Operator is filed and approved by the Division the Operator on record assumes ALL liabilities associated with the permit. The Operator must demonstrate legal right to enter or file a Succession of Operator request. This has been cited as a problem with a compliance date of December 15, 2015. Failure to comply may result in the Division filing a possible violation which could result in the revocation of the permit and the forfeiture of the current Financial Warranty.

The Division contact Mr. Clements in an effort to gain access to the property, Mr. Clements refused to ensure the road was clear to access the site. This and other issues deterred the inspection at this time. The Division will be inspecting the site as soon as weather allows in 2016.

Any Responses to this report should be directed to Lucas West at the Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203 or by phone at (970)-243-6368.

PHOTOGRAPHS

N/A

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>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>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(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>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

Paul Martin
DGMC
125 W Main St
Farmington, NM 87401

Enclosure

CC: