



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: Carnation Mine	MINE/PROSPECTING ID#: M-1977-416	MINERAL: Uranium and vanadium	COUNTY: San Miguel
INSPECTION TYPE: Multi Person Inspection	INSPECTOR(S): Lucas J. West, Russ Means	INSP. DATE: November 23, 2015	INSP. TIME: 13:15
OPERATOR: Pinon Ridge Mining LLC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$22,468.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: December 9, 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: Rule 1.13.5 states, if an Operator temporarily ceases production of the mining operation for one hundred eighty (180) days or more, the Operator must file a Notice of Temporary Cessation in writing to the Office.

CORRECTIVE ACTIONS: The Division recommends the Operator file for Temporary Cessation (per Rule 1.13.5 (3) and 1.13.8 (b) or begin reclamation by the compliance date of January 25, 2016.

CORRECTIVE ACTION DUE DATE: 1/25/16

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program for permitted Designated Mining Operations established by the Colorado Division of Reclamation, Mining and Safety. The Carnation mine is listed as an active 110d operation that consists of a maximum allowed disturbance of 9.8 acres. The site is a part of a five site permitted complex collectively referred to as the Sunday Mine Complex. No operator representative was present during the inspection. The Division currently holds \$22,468.00 in Financial Warranty for the site, the financial warranty will be recalculated to reflect the current site conditions and sent to the Operator under a separate cover. Four Photos accompany this report to illustrate the current conditions of the site.

Observations made during this inspection indicate that the site is not, and has not been active for quite some time. Records held by the Division indicate that the site was activated in 2012 but has had little activity since. The Operator is reminded that according to rule 1.13.5 of the Hard Rock and Metals Mining Rules, if the Operator plans to, or does temporarily cease production of the mining operation for one hundred eighty days or more the Operator must file a Notice of Temporary Cessation in writing, to the Division. This is being cited as a problem with a compliance date of January 25, 2016. The Operator shall provide proof of any activity as defined by Rule 1.1 (3) that has taken place during the 2015 calendar year, or file written request and fee for the site to enter Temporary Cessation status. **Documentation demonstrating compliance must be received by the Division's Denver Office no later than January 25, 2016.**

As seen in Photo One, the permit ID sign was observed at the entrance to the site. The permit boundary markers were also observed. The remote vent shaft sites were not inspected at this time. Evidence that the diversion ditches and storm water control devices are functioning as designed and no significant erosion was observed throughout the site.

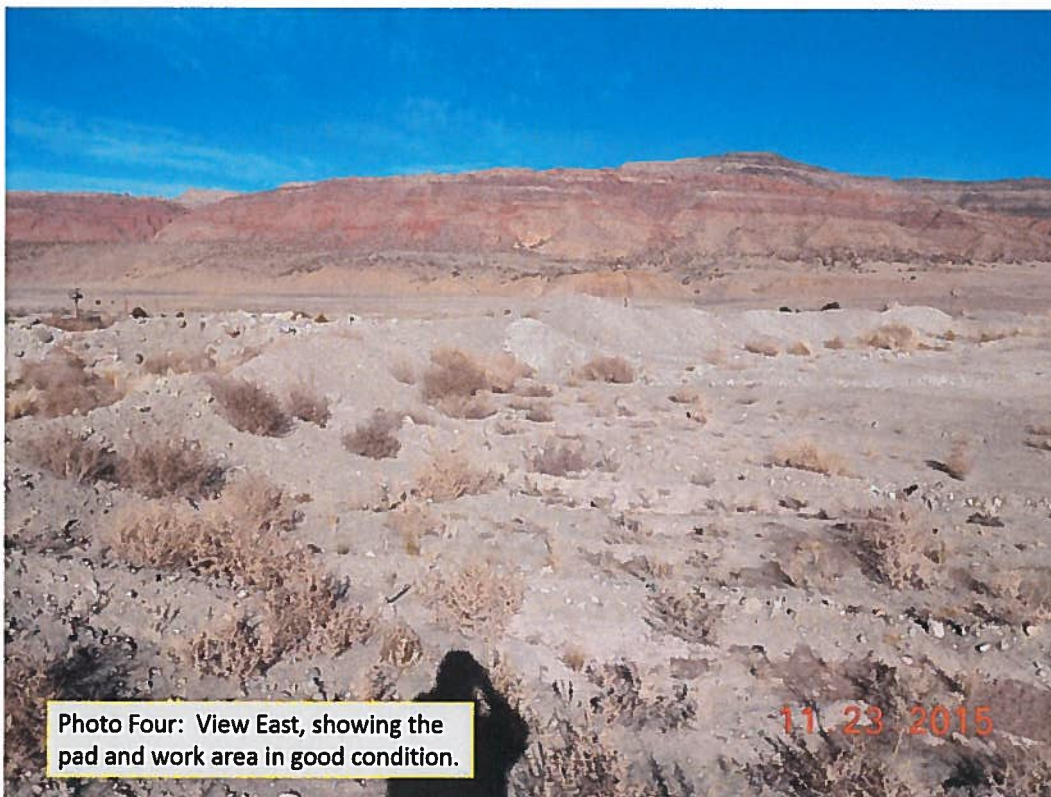
All work and shop facilities onsite were secured and appeared to be in good condition. The portal located on site was also secured, it has been backfilled, closed off with steel grates as well as encompassed by a small berm as seen in Photo Two. No fuel storage containers were observed on site. Various other debris was observed on site however it was stored in an orderly fashion and was not a concern at this time.

The main pad and work area was in good condition as seen in Photos Three and Four, evidence of weed management during the growing season was observed. The whole site exhibits positive drainage and no erosional issues were observed at this time. The overall footprint of the site was in good condition and free from excessive trash and debris.

All questions or 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





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>Y</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>Y</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>	(SW) STORM WATER MGT PLAN---- <u>Y</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>Y</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

None
Pinon Ridge Mining LLC
P O Box 825
Nucla, CO 81424

Enclosure

CC: