




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: Lee No 2 Placer	MINE/PROSPECTING ID#: M-1987-072	MINERAL: Gold	COUNTY: Gilpin
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: January 21, 2016	INSP. TIME: 10:00
OPERATOR: Thomas Musch and Valerie Musch	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	
REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$1,200.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: February 1, 2016	

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: The Division does not have copies of the Mining Plan or Reclamation Plan Maps which conform to the requirements Hard Rock Rules 6.2.1(2), 6.3.5(2) and 6.3.5(3).

CORRECTIVE ACTIONS: The Operator shall submit Mining and Reclamation Plan Maps which conform to the requirements of Hard Rock Rule 6.2.1(2), 6.3.5(2) and 6.3.5(3) for inclusion into the permit file. The maps shall be submitted as a Technical Revision on or before the corrective action date.

CORRECTIVE ACTION DUE DATE: 6/01/16

INSPECTION TOPIC: Signs & Markers

PROBLEM/POSSIBLE VIOLATION: Problem: The mine identification sign and affected area boundary markers were not observed per the requirements of Rule 3.1.12.

CORRECTIVE ACTIONS: The operator must post a sign at the entrance to the mine site which shall be clearly visible from the access road and specify the following; the name of the operator, indicate that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board, and the permit number. The boundaries of the affected area must be marked by monuments or other markers that are clearly visible and adequate to delineate such boundaries. Proof of compliance may be in the form of photographs.

CORRECTIVE ACTION DUE DATE: 6/01/16

OBSERVATIONS

The inspection was conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). The Operator was not present for the inspection. The Lee No. 2 Placer is located in Gilpin County, approximately 3 miles southeast of Central City, Colorado. The site is permitted for 1 acre and the post-mining land use is pastureland. The permit area is situated on the lower Russell Gulch, within a 40 acre claim issued by the Bureau of Land Management (BLM). The site was not active at the time of the inspection and the ground was covered by several inches of snow.

On September 14, 2015, the Division received a Succession of Operators Application to transfer the 110(2) Hard Rock Reclamation Permit from Stanley J. Conner to Thomas and Valerie Musch. The transfer of the Reclamation Permit was approved on January 12, 2016. The primary purpose of this inspection was to evaluate the adequacy of the \$1,200.00 financial warranty currently held by the Division. Pursuant to Rule 4.2.1(2), if the financial warranty is determined to be insufficient to perform reclamation, the Permittee will have up to sixty (60) days to post the additional financial warranty. Notice of an increase to the financial warranty will be sent under separate cover.

Availability Of Records:

A review of the permit file found that the Mining and Reclamation Plan Maps do not conform to the requirements of Rule 6.2.1(2), 6.3.5(2) or 6.3.5(3).

All maps must conform to the following criteria:

- a) show the name of the Operator
- b) must be prepared and signed by a registered land surveyor, professional engineer, or other qualified person
- c) give date prepared
- d) identify and outline the area that corresponds with the application (permit boundary)
- e) acceptable range of map scales shall not be larger than 1 inch = 50 feet, nor smaller than 1 inch = 660 feet
- f) must have a map scale, appropriate legend, map title, and a north arrow

The specific criteria for the Mining Plan Map includes the following:

- a) all immediately adjoining surface owners of record
- b) the names and location of all creeks, roads, buildings, oil and gas wells and lines, and power and communication lines on the area of affected land and within 200 feet of the all boundaries of such areas
- c) the existing topography of the area with contour lines of sufficient detail to portray the rate and direction of slope of the affected land
- d) the total area to be involved in the operation, including the area to be mined and the area of affected lands
- e) the type of present vegetation covering the affected lands
- f) Exhibit G Water Information (sediment ponds and water lines)
- g) show the owner's name, type of structures, and location of all significant, valuable and permanent man-made structures contained on the area of affected land and within 200 feet of the affected land.

The specific criteria for the Reclamation Plan includes the following:

- a) the expected physical appearance of the area of the affected land, correlated to the proposed mining and reclamation timetables. The map must show proposed topography of the area with contour lines of sufficient detail to portray the direction and rate of slope of all reclaimed lands
- b) portrayal of the proposed final land use for each portion of the affected lands

The lack of Mining and Reclamation Plan Maps which conform to the required mapping criteria has been cited as a problem and will require corrective action by the Operator. Please see the first page of this report for additional information regarding the corrective action.

Gen. Compliance With Mine Plan:

The site was not active at the time of the inspection; the mine is operated on an intermittent basis. The approved Mining Plan allows the Operator to remove material from the creek bed. The material is then passed through a trommel and sluice box. The Operator has constructed several check dams across Russell Gulch. The check dams capture and prevent sediment from migrating past areas where placer mining is occurring. The disturbance associated with the mining operation is minimal and is primarily contained within the channel of Russell Gulch. As noted earlier in this report, the mine site is located with BLM public lands and many people recreate in the area. The Operator has reported illegal mining and prospecting at the mine site in the past. Typically, this activity takes the form of the excavating the north bank of Russell Gulch, which has led to undercutting of the bank. Failure to stabilize the banks could lead to erosion and potential offsite impacts. The Operator has been diligent to backfill excavated areas in the past. During the inspection, the Division observed several areas of excavation along the northern bank of Russell Gulch. The financial warranty calculation will reflect the cost of reclaiming all disturbance within the site, regardless of whether the disturbance is the result of illegal mining activities.

Signs and Markers:

The permit sign was not posted at the site entrance as required by Rule 3.1.12(1). The Operator has had difficulty keeping a permit sign posted due to repeated vandalism. During past inspections the Division has not cited a problem for the missing permit sign and has allowed the Operator to not maintain the appropriate signage. Division staff is not authorized to waive the requirements of Rule 3.1.12(1). Therefore, the lack of a permit sign will be cited as a problem and will require corrective action by the Operator. The Division will work with the Operator to find an acceptable way to identify the mine site as a permitted operation.

The boundary of the affected land could not be identified due to a lack of monuments. As with the permit sign, the Operator has had a difficult time in maintaining boundary markers. The Division understands the challenge of keeping the affected area delineated on public lands where many people recreate. However, the affected area must be delineated at all times. The lack of boundary markers has been cited as a problem and will require corrective action by the Operator. Please see the first page of the report for additional information regarding the corrective actions.

PHOTOGRAPHS



1. Excavation on northern bank of Russell Gulch.



2. Excavation on northern bank of Russell Gulch.



3. Excavation on northern bank of Russell Gulch.



4. Rock check dam within Russell Gulch.

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>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>PB</u>	(SW) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>NA</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

Thomas Musch
514 Americas Way # 3773
Box Elder, SD 57719

CC: Wally Erickson, DRMS
Stephanie Carter, BLM