



COLORADO

Division of Reclamation, Mining and Safety

Department of Natural Resources
1313 Sherman Street, Room 215
Denver, Colorado 80203

May 6, 2016

Jack Henris
Cripple Creek & Victor Gold Mining Company
100 North Third Street
Victor, CO 80860

**Re: Reason to Believe a Violation Exists and Notice of Board Hearing
Cresson Project, Permit No. M-1980-244**

Dear Mr. Henris:

On April 20, 2016, the Division of Reclamation, Mining, and Safety (Division) conducted an inspection of the Cresson Project. During the inspection the Division observed evidence that Vat Leach Tank #1 of the High Grade Mill had overtopped with process slurry, resulting in failure of the Environmental Protection Facility to contain or control designated chemicals or process solutions. The Division observed that the Operator failed to maintain the approved capacity of the secondary containment structure for the cyanidation vat leach tank. The Division observed evidence of possible loss of containment of the secondary structure, resulting in possible failure of the redundant Environmental Protection Facility to contain or control designated chemicals or process solutions. The Operator failed to notify the Division of the failure of these Environmental Protection Facilities.

The Division believes this is in violation of:

- C.R.S. 34-32-121.5, Any person engaged in a mining operation shall notify the office of any failure or imminent failure as soon as reasonably practicable after such person has knowledge of such condition, of any environmental protection facility designed to contain or control chemicals or waste that are acid- or toxic-forming, as identified in the permit.
- Rule 8.1(b), for failure to notify the Office, as soon as reasonably practicable, but no later than 24 hours, after the Operator has knowledge of a failure or imminent failure of any Environmental Protection Facility designed to contain or control designated chemicals or process solutions as identified in the permit.

Additionally, the Division believes this is a violation pursuant to:

- C.R.S. 34-32-124(1), for failure to comply with an order, permit, or regulation. Specifically, this is a violation of Amendment 10, Volume 1, Exhibit U, Sections 6.3.2 and 6.4.

Therefore, the Division has reason to believe a violation exists to the Colorado Mined Land Reclamation Act, C.R.S. 34-32-101 et seq., and has scheduled this matter to appear before the Mined Land Reclamation Board.

A Formal Board Hearing will be held during the June 22-23, 2016 Board meeting for consideration of these possible violations. The hearing will be held at 1313 Sherman Street, Room 318, Denver, Colorado, beginning at 9:00 a.m. on June 22nd or as soon thereafter as the matter can be considered. At the hearing you will have the opportunity to present your defense.



This is an important legal proceeding and you must appear in person for this hearing. If you fail to appear, an Order and financial judgment may be entered against you. In addition, failure to appear at the hearing may result in legal consequences including, but not limited to, loss of party status and your ability to seek reconsideration from the Board or seek judicial appeal in district court.

If the Board finds a violation at this hearing, it may issue a Cease and Desist Order; may order the permit be suspended, modified, or revoked; and/or assess a Civil Penalty in the amount of \$100.00 to \$1,000.00 for each day of violation pursuant to C.R.S. 34-32-124(7). If you have evidence indicating the possible violations noted above do not exist or have been corrected, please provide it to the Division as soon as possible or bring it to the hearing.

All parties have an opportunity to review and comment on a draft of the Board's Order before it becomes final. If you wish to do so, you must provide the Board with a written request to review the draft Order prior to or at the time of your hearing, or you must inform the Board orally during the hearing that you request to review the draft Order. The Board's attorney must receive your comments on the draft Order within three calendar days of the date the draft Order is e-mailed, unless that deadline is extended by the Board's attorney. Submit all comments in writing, by e-mail or fax, to John J. Roberts, First Assistant Attorney General, Colorado Department of Law, (720) 508-6037 (fax), or John.Roberts@coag.gov.

Please note that the Division has requested and will be allowed to review and comment on the draft Board Order.

The Board's agenda may not be finalized until the week of the Board meeting. Therefore, we recommend you contact the Board Secretary, Johnie Abad, at (303) 866-3567 ext. 8136, or Johnie.A.Abad@state.co.us on June 20, 2016 to confirm the specific date for the hearing.

If you have any questions about this letter or the hearing, please contact Elliott Russell at (303) 866-3567, ext. 8132, or Elliott.Russell@state.co.us.

Sincerely,



Virginia Brannon
Division Director

CERTIFIED MAIL NO. 7014 2120 0001 7871 0946
Return Receipt Requested

Enclosure: 4-28-2016 Inspection Report M1980244

cc: Tony Waldron, DRMS
Wally Erickson, DRMS
Elliott Russell, DRMS
Tim Cazier, DRMS
Amy Eschberger, DRMS
Jeff Fugate, AGO for DRMS