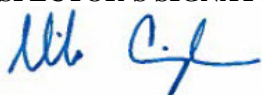




**MINERALS PROGRAM INSPECTION REPORT**  
**PHONE: (303) 866-3567**

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.

<b>MINE NAME:</b> Combination Placer	<b>MINE/PROSPECTING ID#:</b> M-2013-028	<b>MINERAL:</b> Gold	<b>COUNTY:</b> Park
<b>INSPECTION TYPE:</b> Monitoring	<b>INSPECTOR(S):</b> Michael A. Cunningham	<b>INSP. DATE:</b> October 13, 2016	<b>INSP. TIME:</b> 13:00
<b>OPERATOR:</b> Western States Minerals, LLC	<b>OPERATOR REPRESENTATIVE:</b> Tom Vancura, Raymond Butler	<b>TYPE OF OPERATION:</b> 110(2) - Hard Rock Limited Impact	
<b>REASON FOR INSPECTION:</b> Citizen Complaint	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$38,700.00	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> None	
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> October 15, 2016	

**GENERAL INSPECTION TOPICS**

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any 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 or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(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>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>	(SP) 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

## **OBSERVATIONS**

The inspection was conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). Tom Vancura and Raymond Butler were present on behalf of Western States Minerals, LLC. In addition, Joe Harrington with MineWater also attended the inspection. The Combination Placer mine is located on Pennsylvania Mountain in Park County, Colorado. The site is situated at an elevation of 12,300 feet.

On October 11, 2016 the Division received a Citizen Complaint from Mr. Harrington, which alleged that Western States Minerals was engaged in mining or prospecting activities on property owned by Jude Meyer on behalf of the Estate of Ben Wright. According to Mr. Harrington, MineWater is currently under contract to purchase the property. The complaint letter was accompanied by a photograph which showed a single excavation made by an excavator.

Prior to arriving at the site for an inspection, the Division along with Mr. Harrington and representatives from Western States Minerals reviewed claim maps for the area where the excavation had occurred. Upon reviewing the maps it became apparent there was a potential discrepancy as to who owned that particular property. Western States Minerals asserted they owned the property. The Division informed all of the present parties that landownership disputes are civil matters which the Division would not adjudicate. The purpose of the inspection was to determine whether illegal mining or prospecting was occurring on Pennsylvania Mountain.

Following the brief meeting described above, the Division proceeded to the area where the excavations were conducted. Western States Minerals confirmed they were engaged in prospecting and had excavated three small pits with a tracked excavator. The prospecting was being conducted in an effort to further define the gold deposit which is being mined at the Combination Placer mine. The prospecting activities took place outside of the Combination Placer permit boundary and consisted of three small pits. The dimensions of the pits were approximately 10' x 6', with a maximum depth of 8'. The excavated material had been stockpiled adjacent to the pits. The Division estimated the total disturbance associated with the prospecting activities to be 400 square feet. The Operator committed to backfilling the pits this season, weather allowing.

Pursuant to C.R.S. 34-32-103(12), prospecting does not include any single activity which results in the disturbance of a single block of land totaling 1,600 square feet or less of the land's surface. Therefore, the activities which were conducted by Western States Minerals were exempt under the Colorado Mined Land Reclamation Act. The Division directed Western States Minerals to contact the Division prior to initiating any prospecting activities in the future. The preferred process to handle exemptions to prospecting is by submitting an Is It Mining Questionnaire to the Division describing the proposed activities. Upon receipt of the questionnaire, the Division will issue a formal determination as to whether the proposed activities are exempt from permitting requirements. Pursuant to C.R.S. 34-32-123(3), any person who operates without filing a notice of intent shall be subject to a civil penalty of not less than \$50 per day, nor more than \$200 per day for each day the land has been affected.

This concluded the inspection.



**PHOTOGRAPHS**



1. First excavation.



2. Overburden from first excavation.



3. Second Excavation.



4. Overburden from second excavation.



5. Third excavation.



6. Overburden from third excavation.

**Inspection Contact Address**

Randy Burks  
Western States Minerals, LLC  
7964 E. Homestead Rd.  
Parker, CO 80138

CC: Wally Erickson, DRMS  
Joe Harrington, MineWater