



COLORADO

Division of Reclamation,
Mining and Safety

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

October 31, 2016

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

RE: Adequacy Review; Cresson Project; Permit No. M-1980-244; TR-83

Dear Mr. Henris,

On September 6, 2016, the Division of Reclamation, Mining and Safety (Division) received a Technical Revision (TR-83) for the Cresson Project, File No. M-1980-244. This Technical Revision was required as a corrective action for compliance problem 2 of the Division's June 16, 2016 Inspection Report and was initially discussed in the April 28, 2016 Inspection Report. TR-83 outlines the Operators plan to manage the haulage of crushed ore from the Load Out Bin (LOB) and agglomerated tailings from the High Grade Mill (HGM) to the Squaw Gulch Valley Leach Facility (SGVLF) on an unlined haul road.

The Division has reviewed the content of TR-81 and submits the following comments. On October 5, 2016, the Division approved the Operator's request to extend the original decision date, October 6, 2016, by four additional weeks. The Division is now required to make an approval or denial decision no later than November 3, 2016; therefore, a response to the following adequacy review items or an extension request to this deadline, should be submitted to the Division as soon as possible.

The review consisted of comparing the Technical Revision content with specific requirements of the Minerals Rules and Regulations of the Colorado Mined Land Reclamation Board for Hard Rock, Metal, and Designated Mining Operations. Any inadequacies are identified below.

1. To ensure the implementation of the Spill Response Plan, please commit to inspecting the haul road at least daily for any spilled material when the unlined haul road is actively being used to haul material to the SGVLF. The Division recommends that this haul road inspection be conducted by a member of the Sustainability & External Relations Department. Please commit to making the inspection records available on-site for the Division to review during site inspections.
2. Please commit to making the spill reports available on-site for the Division to review during site inspections. These reports should include the information from the samples taken of the spilled material and the soil matrix.
3. Please clarify what quantity of spilled material will initiate the Spill Response Plan and clean up.
4. Under the Spill Response Plan header of TR-83, the Operator states that decontamination will be conducted on the SGVLF using a water truck cannon to spray out the beds and buckets of contaminated equipment. Please verify that this decontamination activity will only occur over the liner system.

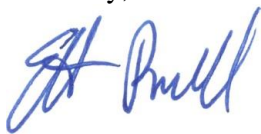


5. During the August 20, 2016 meeting between CC&V and the Division, it became known that when haul trucks enter the SGVLF, they drive over ore that has yet to be leached so there is no contact between the sodium cyanide solution and the haul truck tires. Additionally, if haul trucks must pass over leached material, a three foot lift of fresh material would be brought in prior to entering that area. Please commit that all haul truck traffic will occur on top of at least three feet of fresh, unleached material at all times when in the SGVLF.
6. Under the SGVLF Sequencing and Schedule header of TR-83, the Operator states that Phase II is planned to be completed in Q3 of 2020 and the liner will completely tie-in to Phase I liner and allow haul truck traffic to travel over liner when on the SGVLF footprint. Please commit to ensuring that all haul truck traffic will occur over a liner system when Phase II is completed. Note, this will add a section of the haul road, approximately 1,200 feet in length, between the LOB and the SGVLF footprint. This new liner will need to be tied into or drain into the SGVLF, AGVLF, and HGM liners.
7. The Division is concerned that the drainage from the unlined haul road reports to the unlined drainage channel on the north side of the haul road, which reports to the unlined Phase I Sediment Pond (EMP 008c). If spills were to occur on the haul road during a precipitation event these structures could be impacted. Pursuant to Rule 6.4.21(7)(d) and Rule 6.4.21(7) (e), please propose a water and soil sampling plan for this drainage channel and pond to ensure there is an extremely low environmental risk of hauling on an unlined haul road.

This concludes the Division's adequacy review of this Technical Revision. This letter shall not be interpreted to mean that there are no other technical deficiencies in your request. Other issues may arise as additional information is supplied. Please be advised the Cresson Project Technical Revision TR-83 may be deemed inadequate, and the request may be denied on November 3, 2016, unless the above mentioned adequacy review items are addressed to the satisfaction of the Division. **If more time is needed to complete the reply, the Division can grant an extension to the decision date. This will be done upon receipt of a written waiver of the Applicant's right to a decision by November 3, 2016 and the request for additional time. This must be received no later than the deadline date.**

If you need additional information or have any questions, please contact me at the Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at **303-866-3567 x8132**, or by email at elliott.russell@state.co.us.

Sincerely,



Elliott R. Russell

Environmental Protection Specialist

CC: Wally Erickson; Division of Reclamation, Mining & Safety
Tim Cazier; Division of Reclamation, Mining & Safety