


**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

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: Neglected Mine	MINE/PROSPECTING ID#: M-1981-165	MINERAL: Gold	COUNTY: La Plata
INSPECTION TYPE: Multi Person Inspection	INSPECTOR(S): Lucas J. West, Russ Means	INSP. DATE: October 17, 2016	INSP. TIME: 14:50
OPERATOR: Mine Development Inc	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$23,221.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 14, 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: 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. The start date of the initial 5 year Temporary Cessation period is retroactive to the last date the site was active. If that date is more than 5 years ago, the operator is required ask the Board for a 5 year extension to the Temporary Cessation period (per rule 1.13.5 (3) and 1.13.8 (b)). Please complete and return the enclosed request along with its associated fee within **60 days**, no later than **January 13, 2017**.**CORRECTIVE ACTION DUE DATE:** 1/13/17

OBSERVATIONS

This inspection was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. The Neglected Mine is an active 110 (2) operation located in the La Plata Mountains, approximately 13 Miles Northwest of Durango, CO at 10,100 Feet in Elevation. The site is an underground Gold mine with support and milling facilities on the surface with nine permitted acres. Access to the site is controlled by a locked gate on a private access road off County Road 204. The Division currently holds \$23,221.00 in financial warranty for the site and a Reclamation Cost Estimate Update was performed. According to staff calculations the currently held financial warranty is sufficient to achieve reclamation. Five Photos accompany this report to illustrate current site conditions.

As seen in Photos One and Two, proper signage and Permit Boundary Markers were observed. The interior of the Mill building was not inspected at this time, however the building was secure and in good condition. Photo Three shows the mill building, which is built on a concrete pad with proper drainage structures to contain any processed water generated during operations. All other surface structures and facilities were inspected. The site is currently winterized with minimal activity taking place over the past mining season. The portal was sealed with a locked steel door and small temporary berm pushed up to its base, shown in Photo Four. The portal was not draining water during the inspection. The secondary egress/ vent shaft was observed to be in good condition. The storage yard was in good condition, and well vegetated. Equipment stored includes a box truck, lumber, scrap iron and an explosives magazine. The Explosives magazine is secure and appears to be in good condition. The Operator confirms it is empty and prior to the commencement of mining activities next season he will change the locks to allow for access and use. The lined tailings pond was in good condition, as seen in Photo Five. The area above the water line showed no signs of tearing or compromising of any kind. The pond level is lowered by the assisted evaporation process and is low enough to support the addition of any contributions from precipitation events.

The overall footprint of the site was in good condition and free of excessive trash and debris. Topsoil stockpiles were observed and were well vegetated and stable. No noxious weeds were observed, and the site overall is well vegetated with volunteer grasses, shrubs and sapling Aspen trees. The site demonstrates positive drainage and no erosional issues were observed. Conversations with the operator indicate that no mining took place during the 2016 mining season and it's unclear at this time if mining will occur in 2017 due to health concerns. The Division recommends the Operator file for Temporary Cessation to avoid potential future problems. The start date of the initial 5 year Temporary Cessation period is retroactive to the last date the site was active. Please complete and return the enclosed request along with its associated fee within **60 days**, no later than **January 13, 2017**. Please feel free to contact me with any questions.

All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203 by phone at (970)-243-6368 or by email at lucas.west@state.co.us.

PHOTOGRAPHS



Photo One: Proper mine ID signage posted on the entrance gate to the site.



Photo Two: View west, showing an example of the permit boundary markers and other notices located on site.

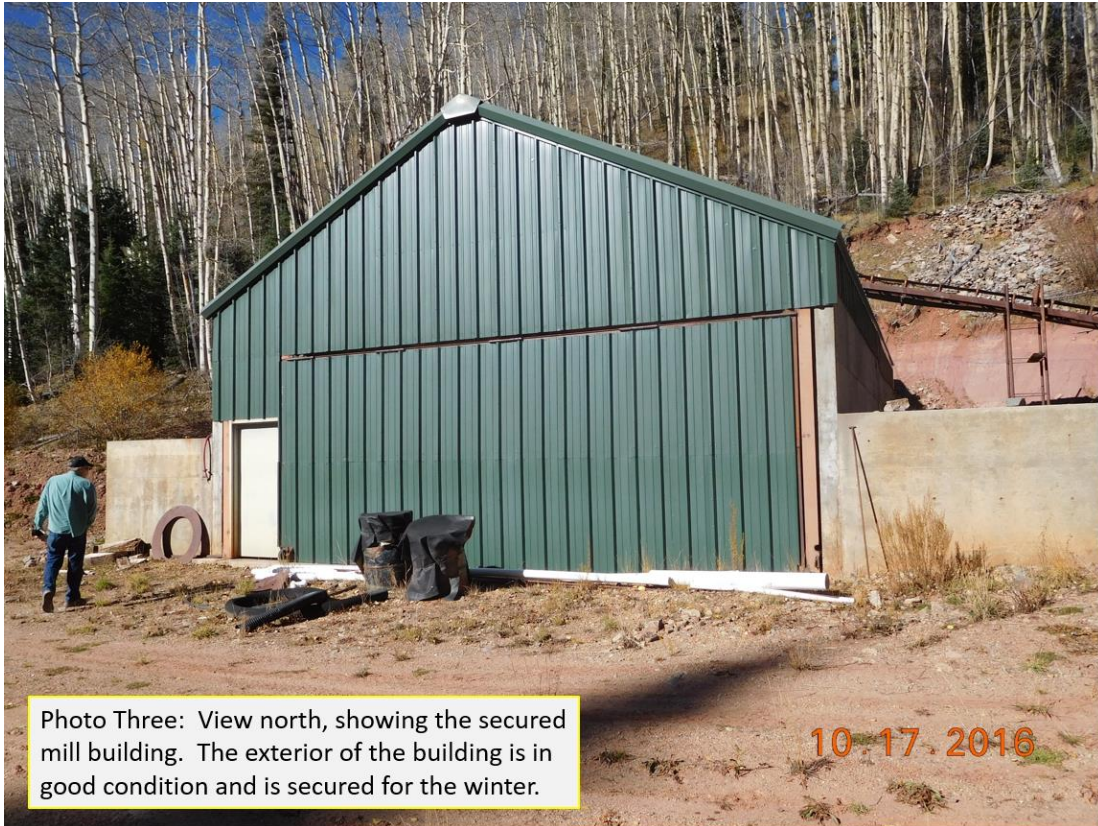


Photo Three: View north, showing the secured mill building. The exterior of the building is in good condition and is secured for the winter.

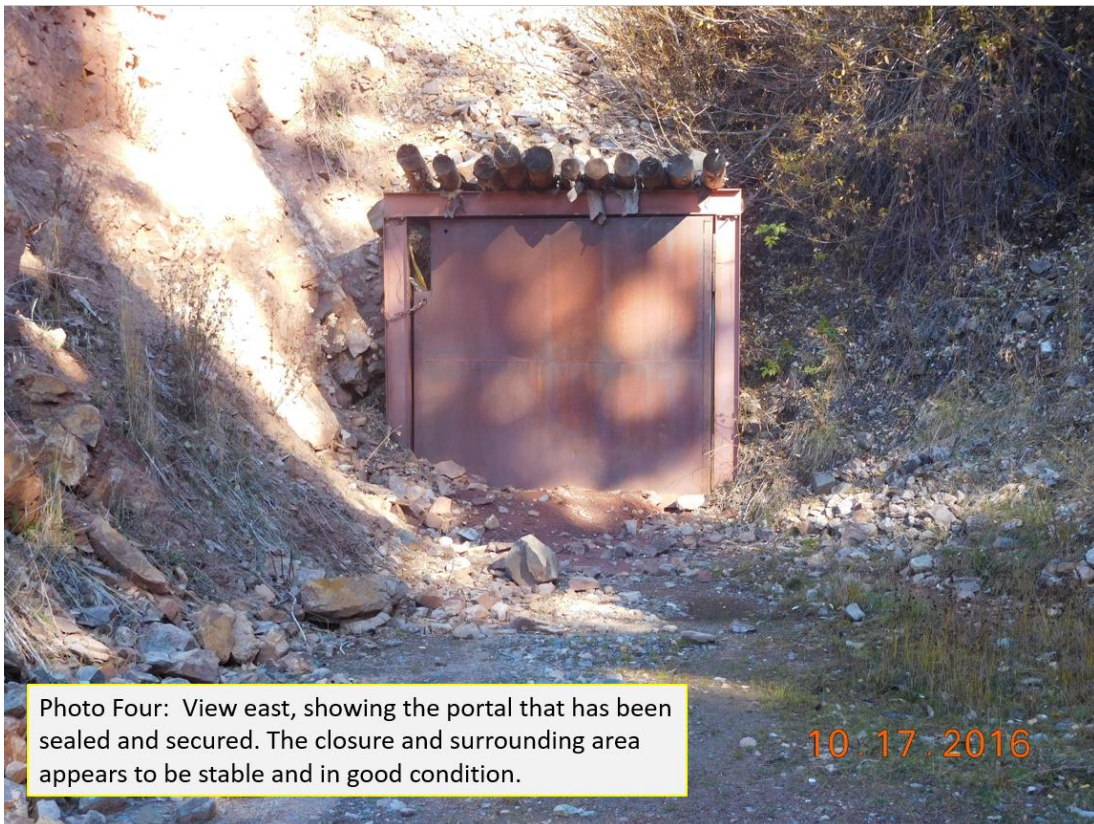


Photo Four: View east, showing the portal that has been sealed and secured. The closure and surrounding area appears to be stable and in good condition.



Photo Five: View west, showing the lined pond located on site. The liner was inspected and is in good condition.

10.17.2016

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>Y</u>	(RD) ROADS----- <u>Y</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>Y</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>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>Y</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

Harold Luzar
Mine Development Inc
6029 CR 250
Durango, CO 81301

Enclosure: Request for Temporary Cessation Form

CC: Russ Means, Senior Environmental Protection Specialist