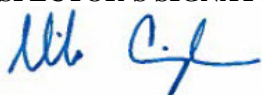




**MINERALS PROGRAM INSPECTION REPORT**  
**PHONE: (303) 866-3567**

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> Fairplay Au Pit	<b>MINE/PROSPECTING ID#:</b> M-1991-037	<b>MINERAL:</b> Gold	<b>COUNTY:</b> Park
<b>INSPECTION TYPE:</b> Preoperation Inspection	<b>INSPECTOR(S):</b> Michael A. Cunningham	<b>INSP. DATE:</b> May 17, 2017	<b>INSP. TIME:</b> 09:30
<b>OPERATOR:</b> High Speed Mining, LLC	<b>OPERATOR REPRESENTATIVE:</b> Lance Baller	<b>TYPE OF OPERATION:</b> 110c - Construction Limited Impact	
<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> Complete Bond	<b>BOND AMOUNT:</b> \$21,110.00	
<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> June 9, 2017	

**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>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</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>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. Lance Baller was present on behalf of High Speed Mining, LLC; Garver Brown, Dean Santistevan and Jara Johnson were present on behalf of the Office of the State Engineer; and Freddy Dodge, the current mine operator, was present as well. The Fairplay Au Pit currently operates under a 110 Construction Materials Reclamation Permit, approved for eight acres affected lands, for the extraction of aggregate (primary commodity) and placer gold (secondary commodity). The operation is located approximately two miles northwest of Fairplay and immediately adjacent to the Middle Fork of the South Platte River (River).

On March 28, 2017, High Speed Mining, LLC filed a Hard Rock 112 Conversion Application for the Fairplay Au Pit, formerly called the Katuska Pit. The current decision date for the Conversion Application is June 26, 2017. The Division received timely objections to the Conversion Application during the public comment period which closed on May 18, 2017. Therefore, pursuant to Rule 1.4.9(2)(a) and 1.7.4(2), the Division has scheduled the application for a Formal Board Hearing for consideration. The hearing has been scheduled for the July 26-27, 2017 Board meeting. The purpose of this inspection was to assess the site conditions on the 33.4 acres of land which are being incorporated into the permit area through the Conversion Application. In addition, the Division was following up on three Citizen Complaints against the operation. The operation was not active at the time of the inspection. However, the Cease and Desist Order issued by the Board has been lifted and the Operator can resume active operations within the 8 acre permit boundary.

### **Hydrologic Balance:**

The Division and representatives from the Office of the State Engineer (OSE) inspected the water holding ponds and the wash pond, which were the subject of a violation issued at the January 25, 2017 Mined Land Reclamation Board (Board) Hearing. These mine features are currently located outside of the 8 acre permit boundary and are not being utilized in the mining operation. On May 3, 2017, the Operator submitted a written request to utilize the ponds. The Division denied the request to utilize the ponds until such time as those affected lands are incorporated into the 112 Hard Rock permit boundary and reclamation of the those affected lands is bonded for. The Operator appealed the Division's decision in accordance with Rule 1.4.11 and the matter was heard by the Board at the May 24, 2017 Board Hearing. The Board upheld the Division's decision to not allow the use of the ponds in the mining operation until such time as those affected lands were incorporated into the permit boundary and an appropriate financial warranty was posted.

During the inspection Garver Brown, the District 23 Water Commissioner, provided background on the historic water use at this mine site and informed the Division that there were no restrictions on how water could be conveyed from the Platte City Mining Ditch into the mine site, provided the water was conveyed by gravity. The Platte City Mining Ditch was flowing at the time of the inspection. The water was bypassing the above referenced ponds and was discharging onto the property located immediately to the east of the Fairplay Au Pit. The tailwater from the Platte City Mining Ditch returns to the River after it passes the Fairplay Au Pit. Garver Brown also informed the Division the Operator has a lease which allows for 60 acre-feet to be pumped from the River. The pumping of water from the River would be allowed since the pump and all appurtenances would be located within the permit boundary. Following the discussion of water usage at the site, the representatives from the OSE departed and the Division proceeded to inspect the remainder of the site.

Gen. Compliance With Mine Plan:

Prior to inspecting the 33.4 acres which were being incorporated into the permit boundary, the Division inspected the area within the 8 acre permit boundary. As noted above, the operation was not active at the time of the inspection. The wash plant was set up near the eastern permit boundary. During the previous year the Operator had excavated a pit along the western permit boundary. The Operator and the Division discussed utilizing the existing pit as a wash pond, since the existing wash pond was partially located outside of the permit boundary and could not be used. The Operator received approval of a Technical Revision on May 26, 2017 to utilize the existing pit as a lined wash pond. The material which was mined and washed is currently stockpiled immediately north of the pit and the wash plant.

The Division proceeded to inspect the areas to the south and west of the current permit area. The Division observed several trailers, portable generators, portable lights, shipping containers, ATV's and other equipment belonging to the Gold Rush film crew, which were located outside of the 8 acre permit boundary. The Division does not consider these items to be related to the mining operation and the placement of these items on the property of High Speed Mining, LLC is not regulated by the Division.

The lands which are being incorporated into the revised permit area consist of forested areas which are dominated by conifers and aspen. The Division observed the Platte City Mining Ditch splits into two segments once it crosses over to the east side of the access road. The main portion of the ditch currently provides water to the mining operation and the other segment which runs to the south and parallels the county road is not currently in use. This segment of the Platte City Mining Ditch was not accounted for in the Conversion Application. The Division will address this issue during the adequacy review of the Conversion Application. The mining operation will be conducted in 3 Phases. The land which is located to the east of the access road is relatively flat and comprises Phase 1. The land to the west of the access road contains steep slopes and consists of a knob which comprises Phase 2 and Phase 3 of the mining operation.

Topsoil:

The area within the 8 acre permit boundary was historically mined and topsoil was not salvaged. Topsoil within the 33.4 acres of land to be added to the current permit area contains topsoil resources which will be salvaged and replaced during final reclamation.

Citizen Complaints:

The Division received three Citizen Complaints from Robin Rindsig. Copies of the complaint letters are in the public file and have been forwarded to the Operator. The following is a list of the individual complaints and the Division's findings:

1. Complaint received March 6, 2017 – Complainant stated unpermitted blasting occurred at the site and water was illegally pumped from the Middle Fork of the South Platte River.

Response: The Division did not observe any signs of blasting during the inspection. Blasting at the Fairplay Au Pit is not allowed under the current Mining Plan. In order to conduct blasting, the Operator would have to submit an appropriate revision to the Mining Plan to demonstrate off-site areas will not be adversely affected by blasting. In addition, the Operator would need to demonstrate the necessary permits have been obtained. As noted above, the District 23 Water Commissioner has verified the Operator has a water lease which allows for water to be pumped from the Middle Fork of the South Platte River. The Division verified the pump was located within the permit boundary.

2. Complaint received April 22, 2017 – Complainant stated numerous pieces of equipment were located outside of the permit boundary.

Response: The Division did not observe any mining related equipment outside of the permit boundary. As noted above, the equipment and portable structures which were located outside of the permit boundary belonged to the Gold Rush film crew and are not regulated by the Division.

3. Complaint received April 23, 2017 – Complainant stated a shipping container and other equipment were located outside of the permit boundary.

Response: As noted above, the Division found that all mining related equipment was located within the permit boundary.

This concluded the inspection.

**Inspection Contact Address**

Lance Baller  
High Speed Mining, LLC  
8480 East Orchard Road  
Greenwood Village, CO 80111

CC: Wally Erickson, DRMS



## PHOTOGRAPHS



1. Public Notice sign posted at site entrance.



2. Water holding pond.



3. Wash pond.



4. Overview of pit excavation, photo taken facing north.



5. Platte City Mining Ditch flowing in front of the water holding pond.



6. Typical vegetation surrounding the mine site.





7. Typical vegetation surrounding the mine site.



8. Portable trailer not associated with the mining operation.



9. Equipment not associated with the mining operation.



10. Historic disturbance along the Middle Fork of the South Platte River.