




**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> Cresson Project	<b>MINE/PROSPECTING ID#:</b> M-1980-244	<b>MINERAL:</b> Gold	<b>COUNTY:</b> Teller
<b>INSPECTION TYPE:</b> Monitoring	<b>INSPECTOR(S):</b> Timothy A. Cazier	<b>INSP. DATE:</b> May 30, 2017	<b>INSP. TIME:</b> 10:00
<b>OPERATOR:</b> Cripple Creek & Victor Gold Mining Company	<b>OPERATOR REPRESENTATIVE:</b> Clara Steward, Erik Munroe	<b>TYPE OF OPERATION:</b> 112d-3 - Designated Mining Operation	
<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$173,934,420.00	
<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> July 7, 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>N</u>	(FN) FINANCIAL WARRANTY----- *	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(CI) COMPLETE INSP---- <u>N</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>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	(ST) STIPULATIONS----- <u>N</u>

\* The financial warranty problem cited in the inspection report dated May 24, 2017 is not yet resolved.

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

## **OBSERVATIONS**

The Division conducted a monitoring inspection of the site on May 30, 2017. Ms. Clara Steward and Mr. Erik Munroe represented CC&V during the inspection. Tim Cazier represented the Division. The planned inspection agenda included the following facilities and areas:

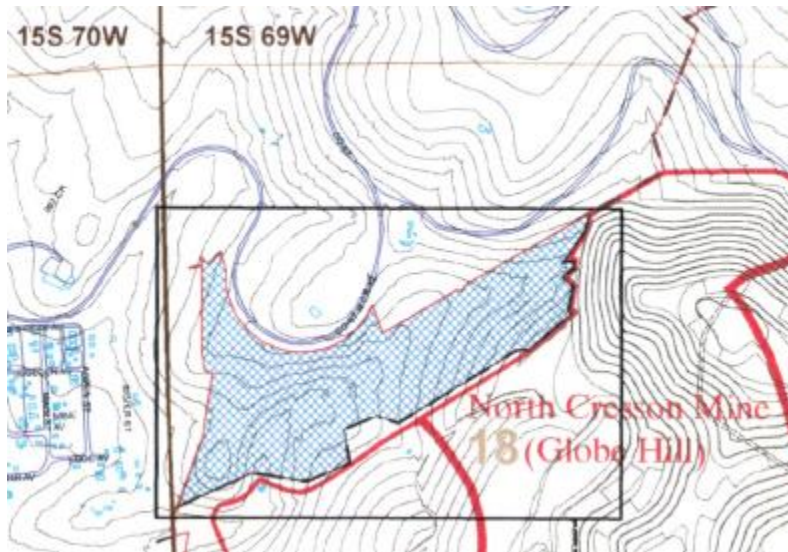
- High Grade Mill (HGM);
- Squaw Gulch Valley Leach Facility (SGVLF);
- Poverty Gulch Area – acreage release request (AR-04);
- Globe Hill stormwater diversion;
- WHEX highwall (near CR 82);
- Large Truck Shop.

### **Site Inspection:**

High Grade Mill: The Division was accompanied by Dillon Noble at the HGM to perform an exterior walk-around inspection. The focus was to observe the completed secondary containment capacity construction project in the vat leach area (**Photo 1**) and perform a visual inspection for leaks, spills and secondary containment problems. Mr. Noble pointed out the sump on the southwest corner of the high pH thickener tank where the 50-gallon spill took place on May 21, 2017 (**Photo 2**). He further explained the spill was caused by a pump failure where the resulting surge overwhelmed the sump. CC&V plans to add a syphon valve to prevent future occurrences. Several empty flotation reagent containers (**Photo 3**) were observed on the east side of the mill building. Mr. Dillon indicated CC&V was expecting to ship them offsite soon. No problems were observed.

Squaw Gulch Valley Leach Facility: The Division was accompanied by Ms. Steward and Mr. Munroe to inspect the surface for ponded solution. Several areas with greater than the required 3 foot x 3 foot limit for ponded solution were observed (**Photo 4**). CC&V submitted photographic evidence of correcting the problem to the Division on May 31, 2017 (**Photo 5**). As such, the ponded solution was not cited as a problem in this report. The Division noted bird balls in the stormwater collection trench northeast of ADR2, at the toe of the SGVLF (**Photo 6**). The addition of bird balls should reduce the potential for wildlife drinking potentially impacted stormwater runoff from the ADR2 area.

AR-04: The Division was accompanied by Ms. Steward and Mr. Munroe to inspect the area on the northwest corner of the CC&V mine permit area, essentially bounded by Poverty Gulch, Hwy 67 and Teller CR 82 (shaded area below) requested for release (AR-04).



The area has hiking trails (**Photo 7**) and numerous historic mine structures (**Photo 8**). However, no evidence of disturbance related to CC&V's mining activities was observed. The Division will recommend approval of AR-04. CC&V will be notified of the decision under separate cover.

Globe Hill stormwater diversion: Mr. Munroe pointed out the survey stakes (**Photo 9**) for the Globe hill stormwater diversion project approved as part of TR-86. Ms. Steward indicated the clearing and grubbing on the north side of Globe Hill (**Photo 10**) was for the purpose of investigating underground workings that may pose blasting problems during the North Cresson Mine development.

WHEX highwall: The north to east highwalls (**Photo 11**) of the Wild Horse Extension (WHEX) that parallel Teller Co Rd 82 (CR 82) were observed from the south side of the WHEX. Some minor sloughing was observed (**Photo 12**) on some benches as expected. However, overall these highwalls appeared clean and stable. No areas of concern were observed.

The Division requested the CC&V representatives provide an overview in the field of the proposed safety improvements for CR 82. Mr. Munroe explained from the new Grassy Valley overlook that the recovery ditch paralleling CR 82 would be moved down the slope to near where the existing fence is located (**Photo 13**).

Large truck stop: CC&V representatives pointed out the location on the south side of the large truck shop where the tailings spill occurred on May 2, 2017. They explained the material was removed and transported to the SGVLF. The cleanup appeared satisfactory.

On Site Meetings: Ms. Meg Burt joined Ms. Steward and Mr. Munroe for the close-out meeting in which the following items were discussed:

- a) CC&V environmental staff is changing. For now the Division should coordinate inspections with Ms. Burt, Ms. Steward and/or Mr. Munroe.
- b) The Colorado Dept. of Public Health and Environment (CDPHE) Air Pollution Control Division (APCD) has requested CC&V provide exclusion fencing. Ms. Burt inquired if the due date for the Technical Revision meeting the AM-11 commitment to provide wildlife fencing could be extended to allow CC&V to further understand APCD's request. Subsequent to this inspection, the Division extended the decision date to 8/3/2017.

- c) The surety increase required by the Division's March 28, 2017 inspection work (dated May 24, 2017) was discussed. Ms. Burt expected CC&V would have the bond submitted well before the July 23, 2017 due date. The Division has received the third party financial warranty forms on June 9, 2017. However, there were some inconsistencies with representative signatures signing as "Newmont" where it should be "Cripple Creek & Victor Gold Mining Company". The Division is reminding CC&V that the permit is with Cripple Creek & Victor Gold Mining Company, not Newmont and that attention to this detail needs to be considered when submitting documentation of all types to the Division.
- d) Amendment 12: Based on the commitment agreed upon with the Division during the AM-11 review, AM-12 is due to the Division by July 8, 2017 and be in approvable form by October 6, 2017. Note, the Division received a hand-delivered AM-12 application on July 7, 2017 while this report was being finalized.

**Bond Review:** The bond currently held by the Division is \$173,934,420.00. The approval of AM-11 revised the bond to \$207,437,344.00. The inspection report dated May 28, 2017 cited a problem for not submitting the required bond in a timely manner. The stated compliance date for the late bond submittal is July 23, 2017. The Division has received the bond, but there are still errors in the financial warranty paperwork. The Division's Financial Assurance Specialist (Barbara Coria) is working with Ana Weiss at Newmont to get these forms finalized. **Please be aware the paperwork must be completed by the July 23, 2017 deadline.**

Please contact Tim Cazier (303-866-3567, ext. 8169) if you have any questions regarding this report.



## PHOTOGRAPHS



Photo 1. Completed vat leach tank secondary containment construction (steel plate & rubber membrane).



Photo 2. Sump on SW corner of high pH thickener tank where the 50-gallon spill took place.



**PHOTOGRAPHS (cont.)**



Photo 3. Empty flotation reagent containers on east side of High Grade Mill.



Photo 4. Poned solution on SGVLF.



**PHOTOGRAPHS (cont.)**



Photo 5. Photo provided by CC&V showing ponded solution mitigated on SGVLF (looking NW).



Photo 6. Bird balls in the stormwater collection trench northeast of ADR2 (looking NE).



**PHOTOGRAPHS (cont.)**



Photo 7. Hiking trailhead near AR-01 release area (near E. Bennett Ave & Silver St).



Photo 8. Historic mine structures near AR-01 release area (looking north just NE of Chicago Tunnel).



**PHOTOGRAPHS (cont.)**



Photo 9. Survey stakes for the Globe hill stormwater diversion project (TR-86).

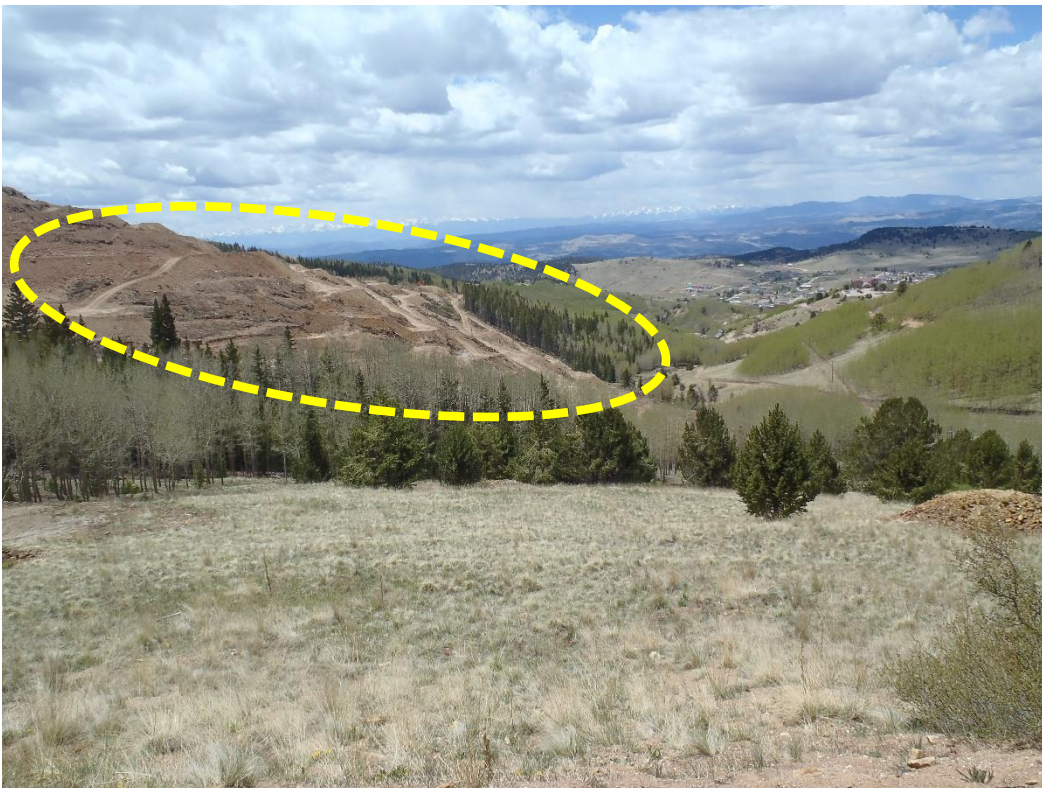


Photo 10. Clearing and grubbing on the north side of Globe Hill (Looking SW)



**PHOTOGRAPHS (cont.)**



Photo 11. WHEX highwall (looking north).



Photo 12. WHEX highwall – minor sloughing (looking NE).



**PHOTOGRAPHS (cont.)**



Photo 13. Recovery ditch paralleling CR 82 (Looking north from the new Grassy Valley overlook).

**Inspection Contact Address**

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