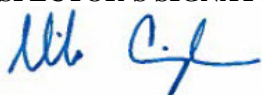




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Black Hawk Towing	MINE/PROSPECTING ID#: M-2017-028	MINERAL: NA	COUNTY: Gilpin County
INSPECTION TYPE: Illegal(Unpermitted Operation)	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: June 23, 2017	INSP. TIME: 14:00
OPERATOR: Frederick Crawford	OPERATOR REPRESENTATIVE: Frederick Crawford	TYPE OF OPERATION: NM - Not Mining	
REASON FOR INSPECTION: Citizen Complaint	BOND CALCULATION TYPE: None	BOND AMOUNT: No Bond Held	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Foggy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 20, 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----- <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, Tony Waldron and Wally Erickson of the Division of Reclamation, Mining and Safety (Division). Frederick Crawford is the landowner and was present on behalf of Black Hawk Towing. The Black Hawk Towing site is located at 7469 Virginia Canyon Road, Central City, CO in Gilpin County.

A citizen complaint (copy enclosed) received by the Bureau of Land Management (BLM) was forwarded to the Division on June 16, 2017. The citizen complaint alleged illegal mining activity involving the removal of material from Environmental Protection Agency (EPA) retention dams was occurring in the vicinity of Black Hawk Towing. In addition, a citizen complaint (copy enclosed) received by the EPA was forwarded to the Division on June 22, 2017. The citizen complaint received by the EPA also alleged illegal mining activity was occurring in Levenworth Gulch, which is situated to the south of the Black Hawk Towing property.

The Division received a third anonymous citizen complaint (copy enclosed) on June 22, 2017. A verbal statement was provided to Michael Cunningham and Tony Waldron of the Division. The complainant alleged a portable mill was set up inside of a sea container located on Black Hawk Towing property. The complainant stated the mill had been in operation since April 2017. According to the complainant, the mill was owned and operated by Jeff and Melissa Marshall of True Blue Custom Mining and Milling, LLC. In addition, the complainant alleged an unknown quantity of electrical transformers were removed from the 'Chain of Mines' property. The electrical transformers were manufactured by General Electric prior to 1972. The complainant stated they believed the transformer oil contained polychlorinated biphenyls (PCBs). The complainant alleged the transformer oil was dumped onto the ground before the transformers were transported to Rocky Mountain Recycling.

Based on the information provided to the Division in the three citizen complaints, the Division had reason to believe that emergency conditions existed at the Black Hawk Towing property which resulted in an immediate and undue risk of serious harm to persons, property, or the environment. As a result, the Division issued a Cease and Desist Order which required Black Hawk Towing, its associates, and/or its receiver to immediately cease and desist all mining, prospecting, milling, exploration, and other mining operations at the Black Hawk Towing site or at any off-site areas until such time as the cease and desist was lifted by the Division. A copy of the Cease and Desist Order was hand delivered to Mr. Crawford during the inspection and a second copy was mailed on the same date.

Mr. Crawford was not initially present when the Division arrived at the site. The Division called the listed number for Black Hawk Towing and left a voicemail informing Mr. Crawford the Division was onsite for an inspection related to the citizen complaints. Mr. Crawford arrived at the property approximately 10 minutes later. Mr. Crawford stated that he was not engaged in any mining or mining related activities on his property. Mr. Crawford did confirm that he is business partners with Jeff and Melissa Marshall and that they would be pursuing a Reclamation Permit for mining in the future.

The Black Hawk Towing property contains numerous sheds and storage containers. Mr. Crawford cooperated with the Division's investigation and provided the Division with access to all of the sheds and storage containers on site. The Division did not observe any mining or milling equipment within any of the structures on the Black Hawk Towing property. The Division did observe a portable hammer mill located in the parking

area adjacent to the residence. There was no evidence the hammer mill was in use and it was not connected to a power supply. In addition, the Division observed sluicing equipment near where the hammer mill was located. However, there was no evidence the sluicing equipment had been used on the property. Mr. Crawford indicated the activities described in the citizen complaints originated on the property located immediately east of the Black Hawk Towing property.

The Division did not make any observations which would indicate that Mr. Crawford was engaged in unpermitted mining activities on his property. In addition, the Division did not observe any electrical transformers on the property. Pursuant to C.R.S. 34-32-123(2), any operator who operates without a permit shall be subject to a civil penalty of not less than one thousand dollars per day nor more than five thousand dollars per day for each day the land has been affected. The Division will provide notice the issued Cease and Desist Order has been lifted under separate cover.

PHOTOGRAPHS



1. Portable hammer mill.



2. Sluice equipment.

Inspection Contact Address

Frederick M. Crawford
Black Hawk Towing
P.O. Box 33
Central City, CO 80427

Enclosure (3)

CC: Wally Erickson, DRMS