

Gold Hill Mill

Permit No. M-1994-117

Colorado Milling Company, LLC

1

ENFORCEMENT HEARING
SEPTEMBER 27, 2017



Presentation by: Amy Eschberger, EPS

Gold Hill Mill

Permit No. M-1994-117

Colorado Milling Company, LLC

2

ENFORCEMENT HEARING

SEPTEMBER 27, 2017

**Possible violation of C.R.S. 34-32-116(7)(h) for failure to
protect areas outside of the affected land from damage
during the mining operation**

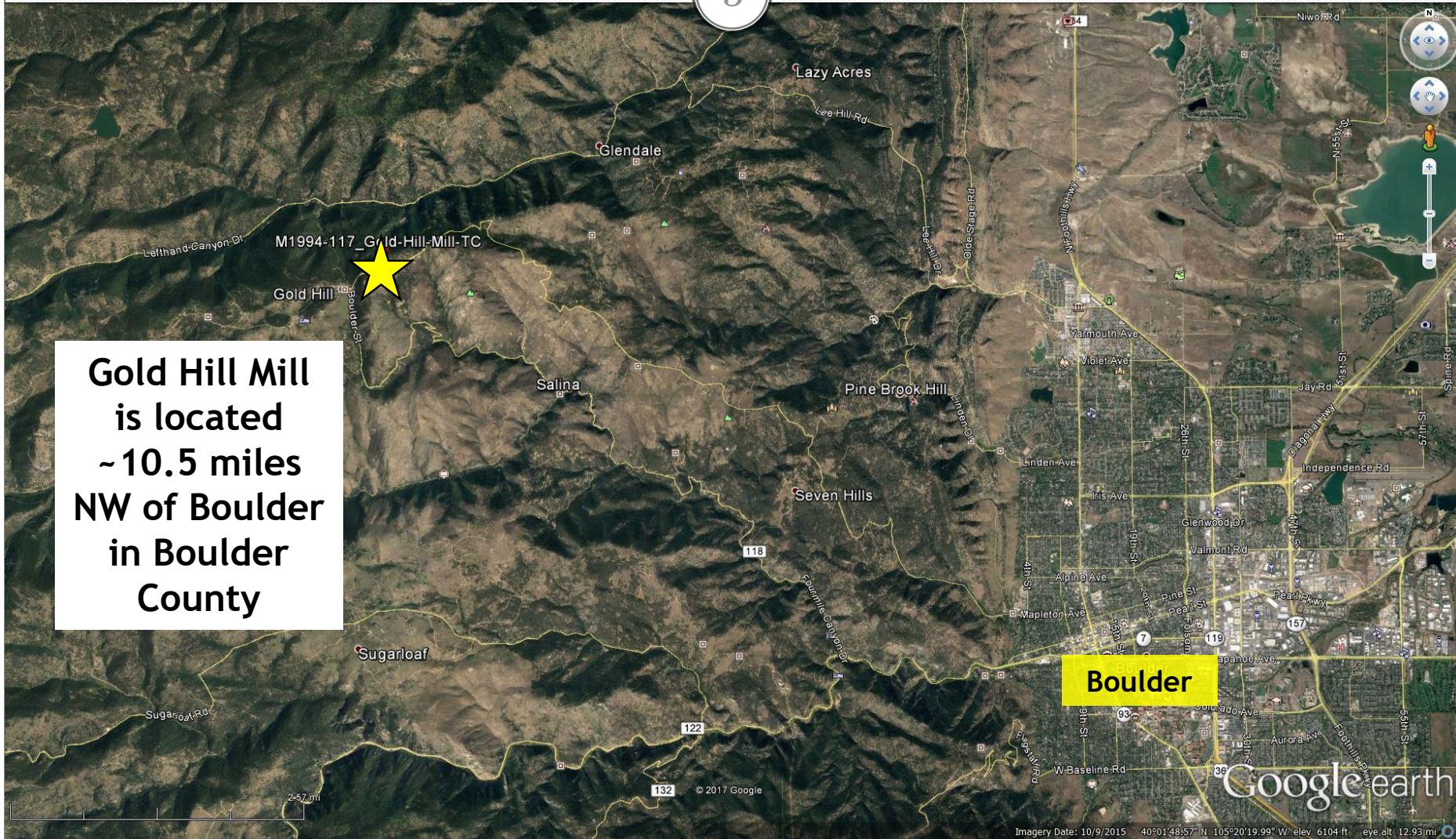


Presentation by: Amy Eschberger, EPS

General Site Location

3

**Gold Hill Mill
is located
~10.5 miles
NW of Boulder
in Boulder
County**



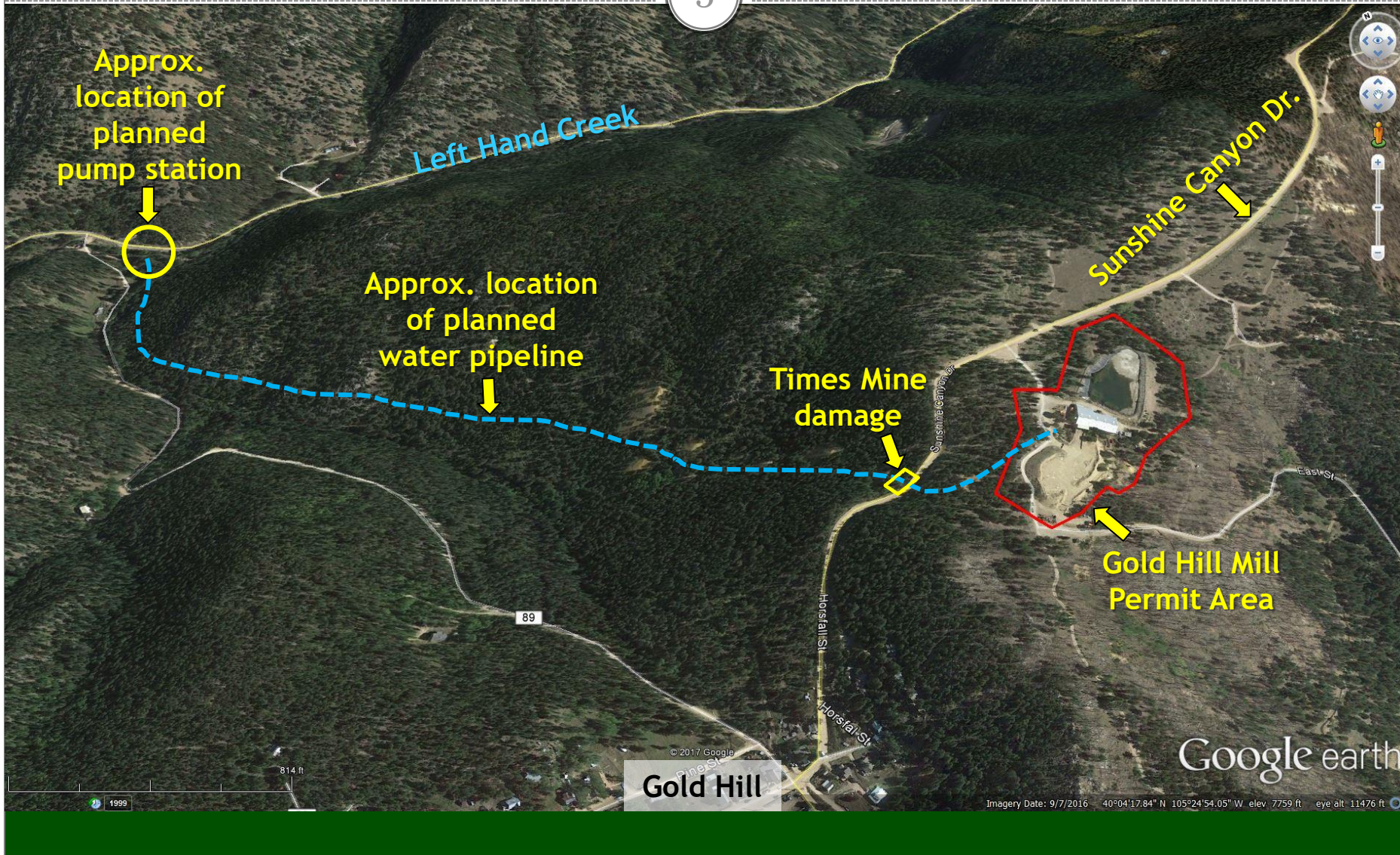
Closer View of Site

4



View of Site Showing Operator's Mill Water Conveyance Plan

5



Gold Hill Mill Permit Area

6



Gold Hill Mill Permit Area Showing Operator's Mill Water Conveyance Plan

7



Permit Summary

8

- **Permit Type:** Hard Rock 110(2) Limited Impact Operation
 - (Affects < 10 acres and extracts < 70,000 tons of mineral and/or overburden per year)
- **Operation Description:** Mill facility with tailings impoundment
- **Permit Area:** 8.40 acres
- **Commodity:** Gold, Silver
- **Land Ownership:** Private (Permittee) and Federal (BLM)
- **Post-Mining Land Use:** Forestry
- **Financial Warranty:** \$56,200.00
- **Permit Status:** Temporary Cessation (since 2013; expires 2018)

Chronology for Possible Violation

9

July 19 and 20, 2017 - Complaint from Boulder County Parks & Open Space:

- Collapse of mine adit resulting in damage to Sunshine Canyon Drive
- Damage to Sunshine Canyon Drive has created a public safety hazard
- Potential trespass by Mark Steen regarding proposed pump station at Left Hand Creek

July 28, 2017- Permittee authorized Mark Steen as representative for Colorado Milling Company, LLC

Chronology for Possible Violation

10

August 1, 2017 - DRMS Site Inspection:

DRMS observed damage to Sunshine Canyon Drive resulting from collapse of the Times Mine adit, caused by operator's actions (Mark Steen).

- Times Mine adit is located immediately beneath Sunshine Canyon Drive
- Mr. Steen removed historic timber sets from the Times Mine adit
- Mr. Steen installed a 16'long x 5'diameter culvert in the Times Mine adit
- Times Mine adit collapsed after or during installation of the culvert
- Mr. Steen was attempting to rehabilitate the Times Mine adit to provide passage for a water pipeline extending from Left Hand Creek to the mill
- Times Mine adit is located outside of the current permit boundary
- Damage to the county road has created a public safety hazard

Chronology for Possible Violation

11

August 1, 2017 - DRMS Site Inspection (continued):

DRMS observed the location of the proposed pipeline pump station on Left Hand Creek. Mr. Steen discussed a plan for conveying water to the mill. The plan is conceptual and details of the plan have not been submitted for DRMS review.

- Mr. Steen's proposed pump station would be located on federal land
- Pump station may require installation of power line
- Pump station is part of proposed 2" diameter pipeline extending from Left Hand Creek to Gold Hill Mill (approximately 3,900' in length with 1,000' gain in elevation)
- Proposed pipeline to be located within an existing easement on Boulder County lands
- Proposed pipeline would pass under Sunshine Canyon Drive via the historic Times Mine adit

Chronology for Possible Violation

12

August 28, 2017- DRMS Inspection Report and RTB Letter:

- Possible violation of C.R.S. 34-32-116(7)(h) for failure to protect areas outside of the affected land from damage during the mining operation
- Enforcement hearing scheduled for September 27-28, 2017 Board meeting
- Inspection report and RTB sent to:
 - Permittee, Colorado Milling Company, LLC, Mike Bynum
 - Permittee's authorized representative, Mark Steen
 - Boulder County Parks & Open Space, Mindy Carson Hatcher
 - Bureau of Land Management, Stephanie Carter

Gold Hill Mill Permit Area

13



DRMS Inspection Photo

14

Looking west down Sunshine Canyon Drive toward Times Mine damage. Note safety sign and cones placed by Boulder County Transportation Dept. to warn the public of hazardous conditions.



Gold Hill Mill Permit Area

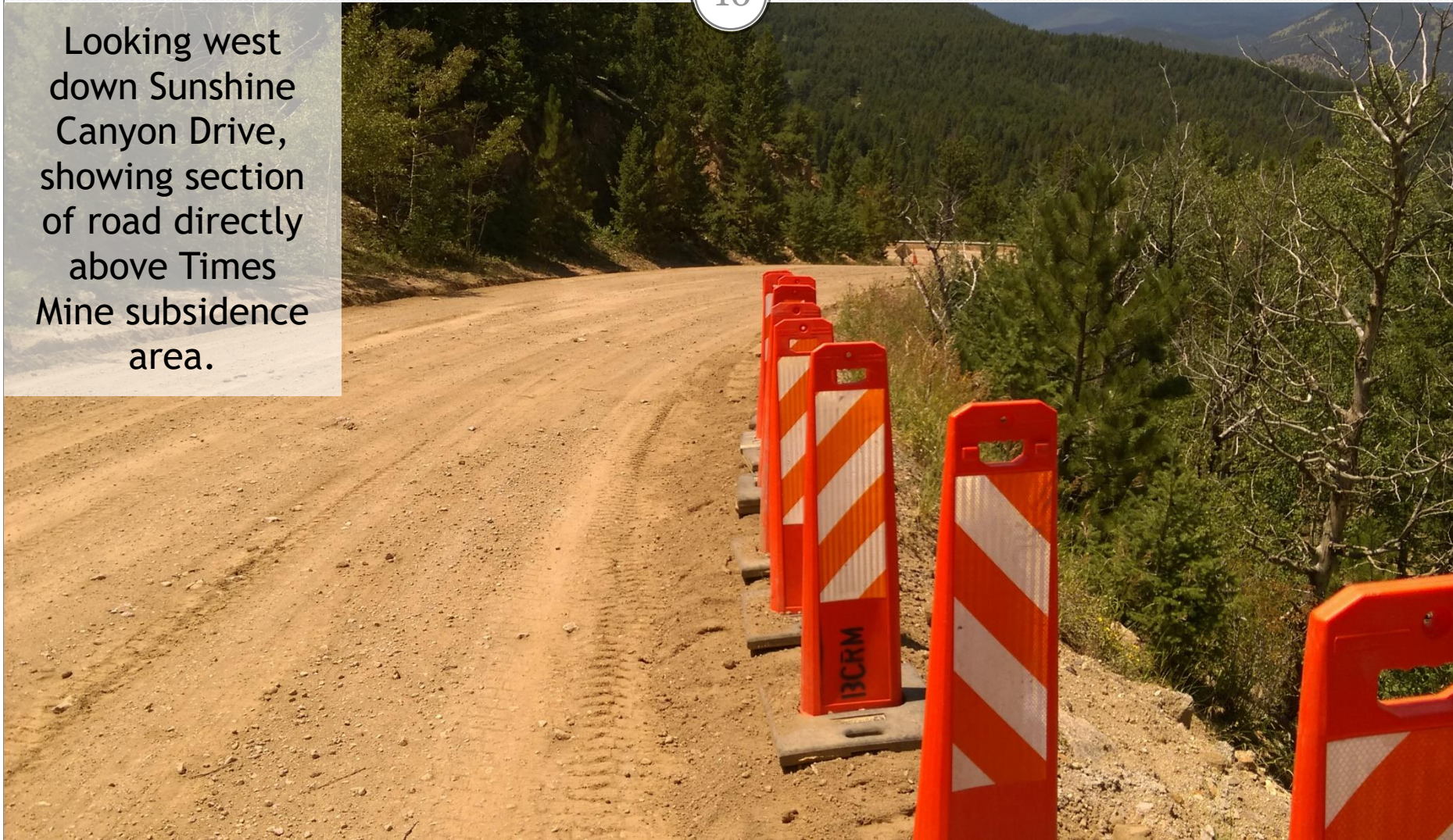
15



DRMS Inspection Photo

16

Looking west
down Sunshine
Canyon Drive,
showing section
of road directly
above Times
Mine subsidence
area.



DRMS Inspection Photo

17

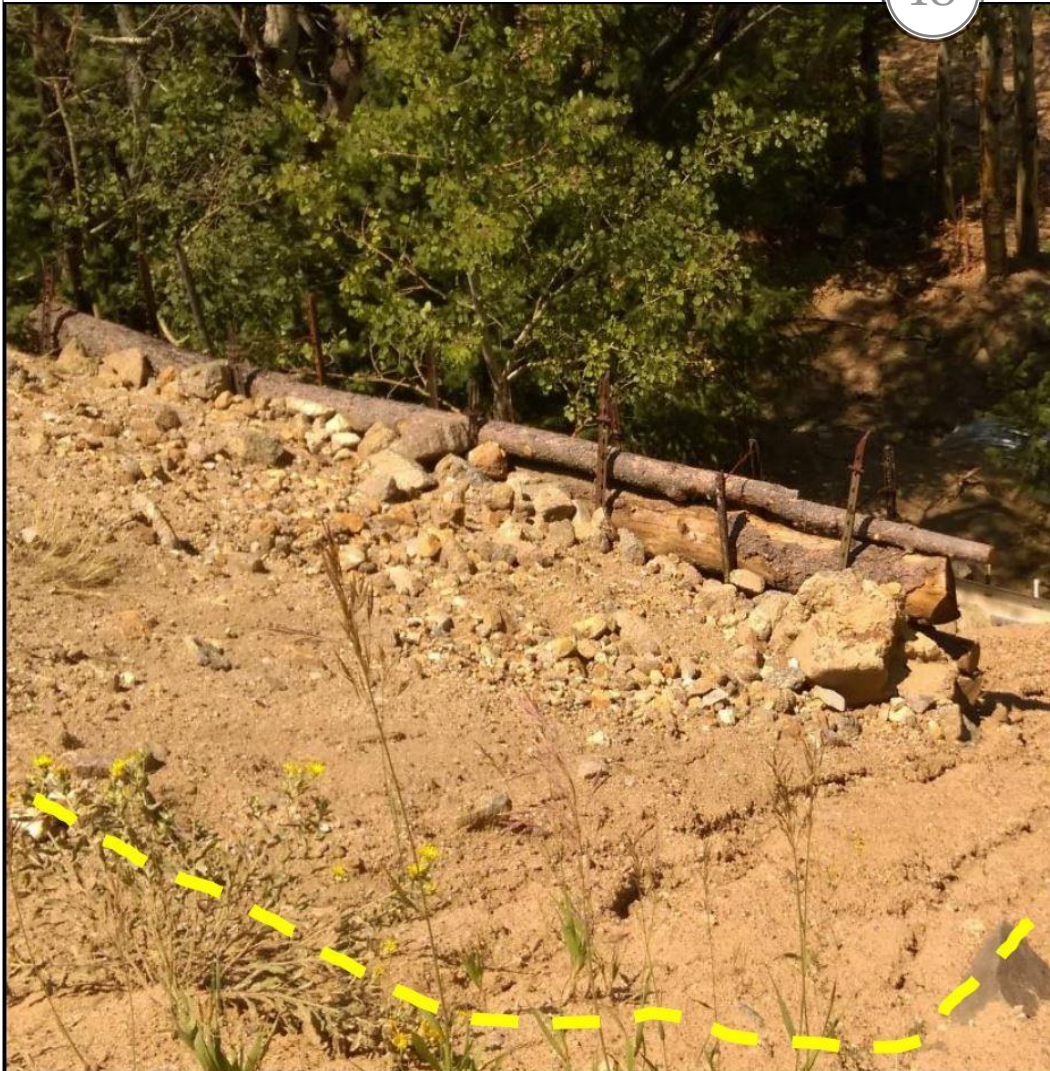
Looking down from northern edge of Sunshine Canyon Drive at Times Mine subsidence area.

Approximate edge of subsidence feature indicated with yellow dashed line



DRMS Inspection Photo

18



Looking down from northern edge of Sunshine Canyon Drive at Times Mine subsidence area. Approximate edge of subsidence feature indicated with yellow dashed line. Note fill material held in place by temporary retaining structure.

DRMS Inspection Photo

19



Looking down from northern edge of Sunshine Canyon Drive, showing 5 foot diameter culvert recently installed in Times Mine portal.

Affected Land

20

According to C.R.S. 34-32-103(1.5):

Means the surface of an area within the state where a mining operation is being or will be conducted, which surface is disturbed as a result of such operation. Affected lands include but shall not be limited to private ways, roads, . . . and areas in which structures, facilities, equipment, machines, tools, or other materials or property which result from or are used in such operations are situated.

Affected Land for Gold Hill Mill

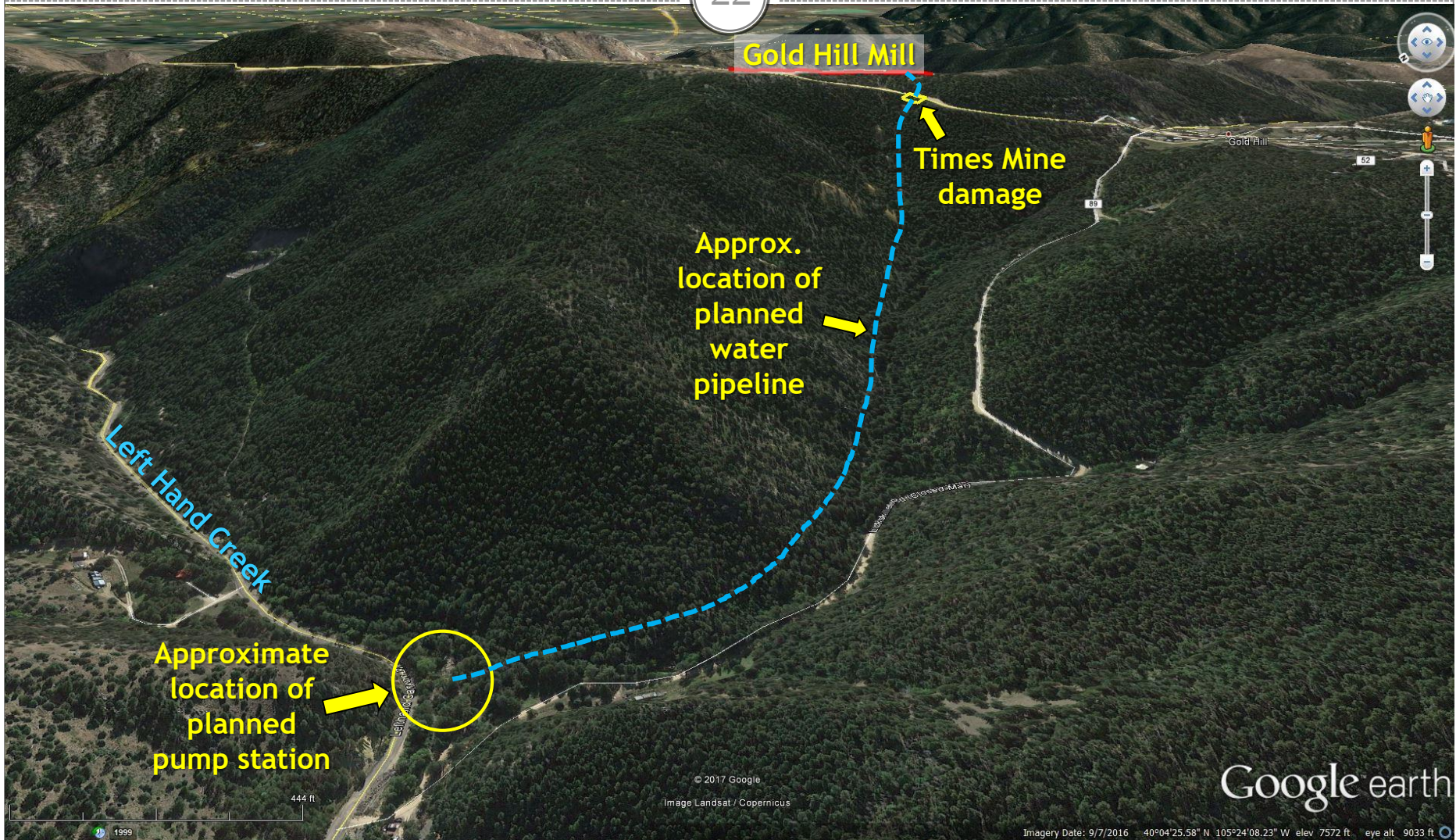
21

Pursuant to C.R.S. 34-32-103(1.5), affected lands include:

- Times Mine adit and all surface disturbances associated with the unauthorized rehabilitation efforts and resulting collapse of the adit
- Proposed pump station area at Left Hand Creek
- Corridor for proposed pipeline from Left Hand Creek to Gold Hill Mill
- All mine workings the operator plans to utilize for water conveyance or storage in support of the mill operation

View of Site From Left Hand Canyon Showing Operator's Mill Water Conveyance Plan

22



Staff Recommendations

23

Violation:

Find a violation of C.R.S. 34-32-116(7)(h), for failure to protect areas outside of the affected land from damage during the mining operation.

Cease and Desist Order:

Issue a cease and desist order, prohibiting any mining related activity on lands located outside the approved affected land boundary, with the exception of activities necessary to protect the environment and public safety and authorized by the Division in writing, until the violation has been resolved to the satisfaction of the Board. This cease and desist order specifically prohibits the installation, replacement, maintenance, or use of any off-site infrastructure intended to convey or store water for the operation.

Staff Recommendations

24

Corrective Actions:

- 1) Within 15 days of the effective date of the Board Order, the Permittee shall demonstrate to the Division's satisfaction that the appropriate Boulder County permit, addressing repair and stabilization of the damaged portion of Sunshine Canyon Drive, has been attained. An appropriate demonstration shall include a copy of the approved County permit.
- 2) Within 15 days of issuance of the County permit, the Permittee shall complete the plan(s) as approved in the County permit.

Staff Recommendations

25

Corrective Actions (cont'd):

- 3) Within 60 days of the effective date of the Board Order, the Permittee shall file with the Division a permit conversion or amendment application to ensure all lands affected by the mining and reclamation activities, including the Times Mine adit and all aspects of the water pipeline from Left Hand Creek to Gold Hill Mill, are located within an approved affected land boundary and addressed by a reclamation plan and appropriate performance and financial warranties. The Permittee shall diligently pursue and attain the Division's approval and issuance of the application within statutory deadlines.

Staff Recommendations

26

Civil Penalty:

- Pursuant to C.R.S. 34-32-124(7), any person who violates any provision of a permit issued under this article shall be subject to a civil penalty of not less than \$100 per day nor more than \$1,000 per day for each day during which such violation occurs; except that any operator who operates under a permit issued under section 34-32-110 shall be subject to a civil penalty of not less than \$50 nor more than \$200 per day for each day during which such violation occurs.
- In this matter, the Board may assess a civil penalty of \$2,850 to \$11,400 for 57 days of violation (calculated from the date of the inspection, August 1, 2017, to the date of the MLRB hearing, September 27, 2017) at \$50 to \$200 per day.

Staff Recommendations

27

Civil Penalty (continued):

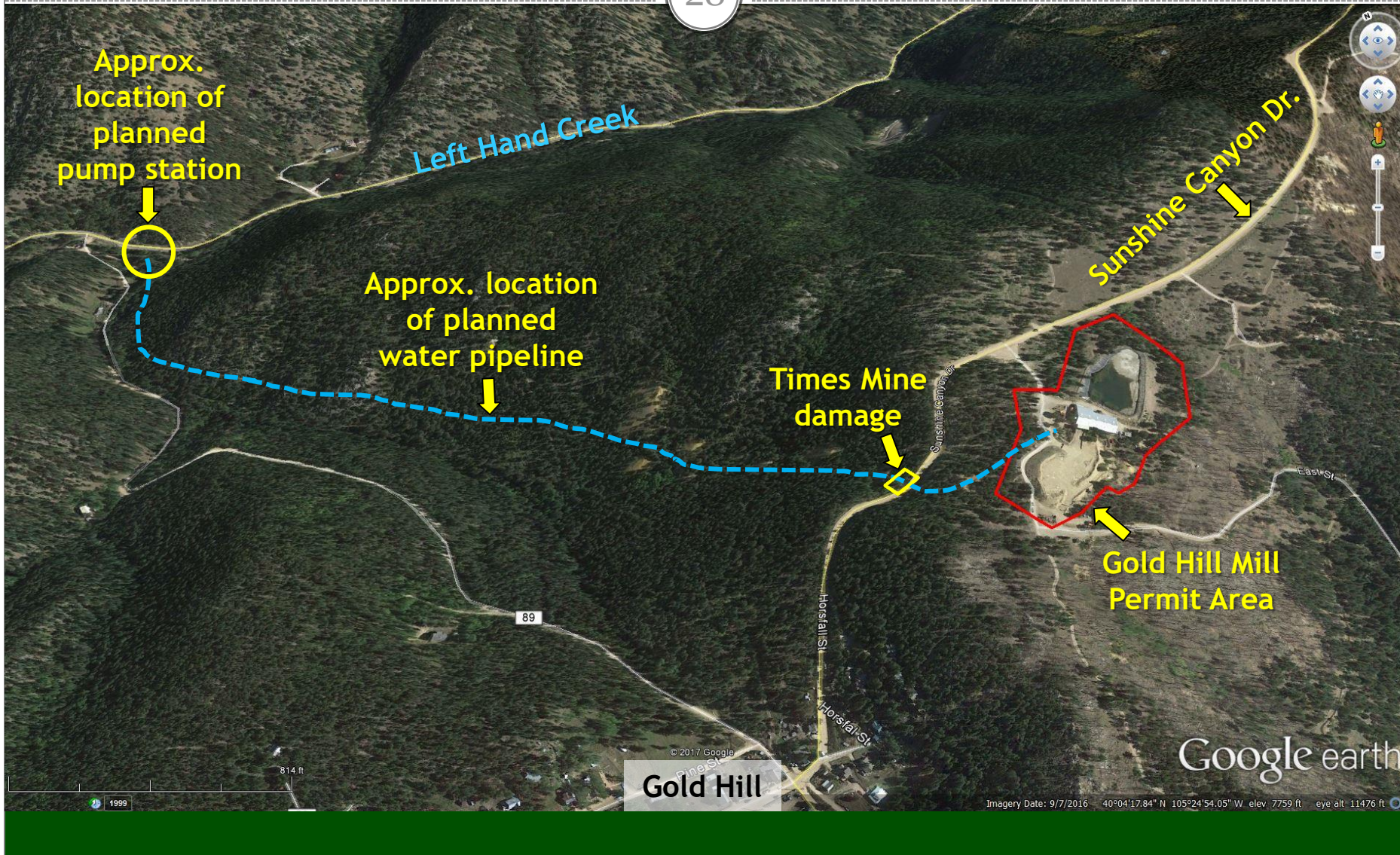
- Staff recommends the Board assess a civil penalty in the amount of \$11,400, with zero suspended.
- Payment of the civil penalty in the amount of \$11,400, shall be due and payable within 30 days of the effective date of the Board Order, unless otherwise specified in the Board Order. Failure to timely submit any due and unpaid civil penalties shall result in immediate submittal of such penalties to State collections.

Questions?



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

28



Extra Slides

Amendment vs Technical Revision

30

According to Hard Rock Rule 1.1(6):

- Amendment means a change in the permit or an application which increases the acreage of the affected land, or which has a significant effect upon the approved or proposed Reclamation or Environmental Protection Plan.

According to Hard Rock Rule 1.1(52):

- Technical Revision means a change in the permit or an application, which does not have more than a minor effect upon the approved or proposed Reclamation or Environmental Protection Plan.

History of Violations

31

Infraction No.	Date Issued	Description	Date Resolved
MV-2012-005	2/8/2012	Failure to comply with an order, permit, or regulation; and failure to cure a default under a performance warranty (regarding 12/8/2011 Board Order)	1/28/2013
MV-2011-033	12/8/2011	Failure to handle acid-forming or toxic-producing material in a manner that will protect the drainage system from pollution	1/28/2013
MV-2002-032	11/20/2002	Failure to perform such reclamation as is prescribed by the reclamation plan; specifically, failure to sample groundwater monitoring well #1 and submit sample results in 2001 annual report as required	12/27/2002
MV-2002-024	9/16/2002	Failure to submit required annual report and fee	9/30/2002
MV-1997-027	9/24/1997	Failure to perform such reclamation as is prescribed by the reclamation plan; specifically, failure to install and operate tailings pond evaporation system and land application system	10/24/1997
MV-1995-078	12/14/1995	Failure to repair tailing pond liner	3/28/1996

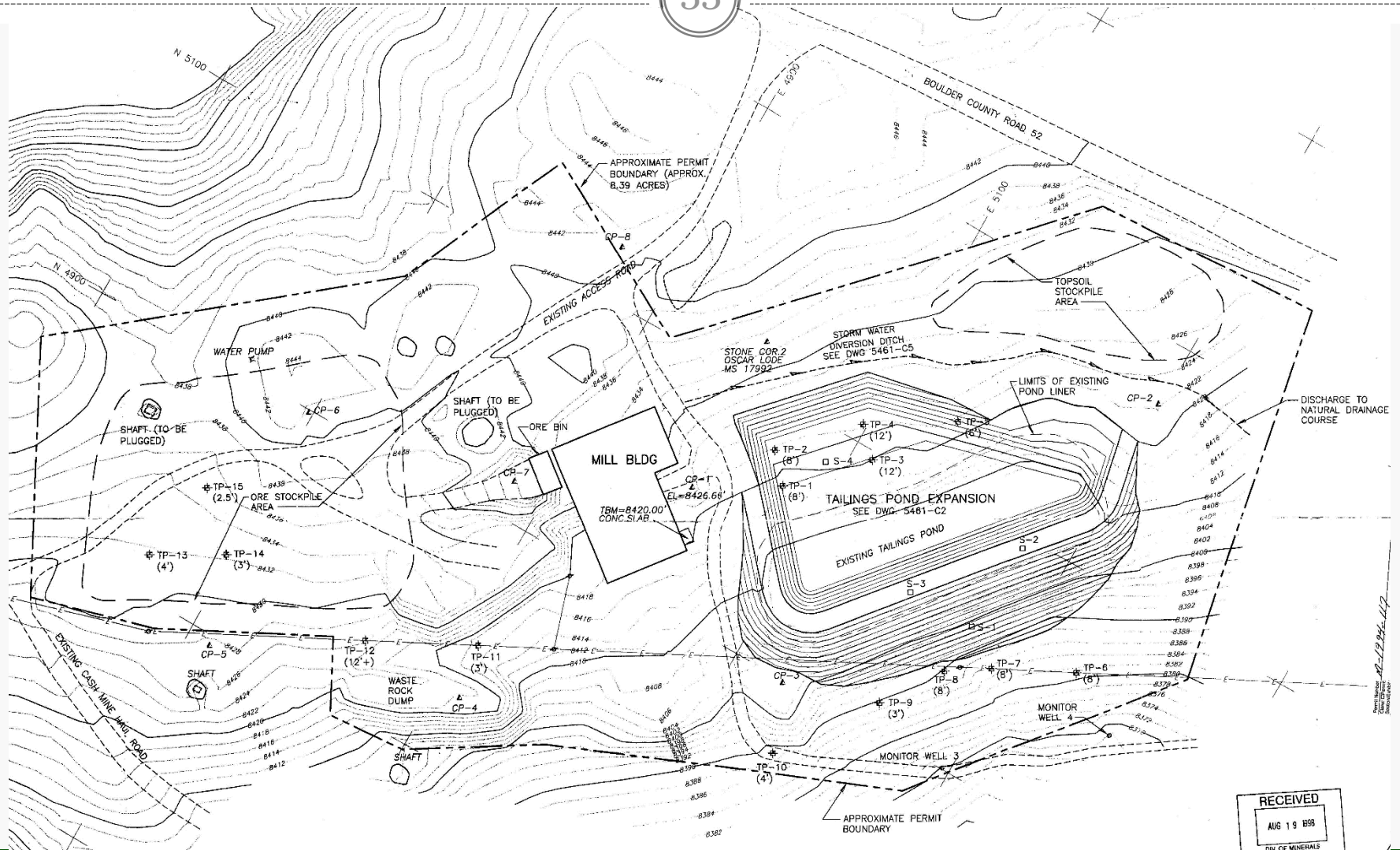
History of Temporary Cessation

32

- **November 19, 2002 - Commencement of Temporary Cessation**
 - Price of metals recovery exceeds value of metals re-mined and processed
- **June 14, 2005 - Notice of Active Status**
 - New permittee wishes to begin testing mill equipment
- **June 13, 2013 - Commencement of Temporary Cessation**
 - Need to locate new partners to fund milling operation
 - Succession of Operators from Gold Hill Mines, Inc. to Colorado Milling Company, LLC approved August 25, 2015 (during TC)
 - 5-year TC term expires June 2018, at which time operation must resume or begin final reclamation

Mining Plan Map

33

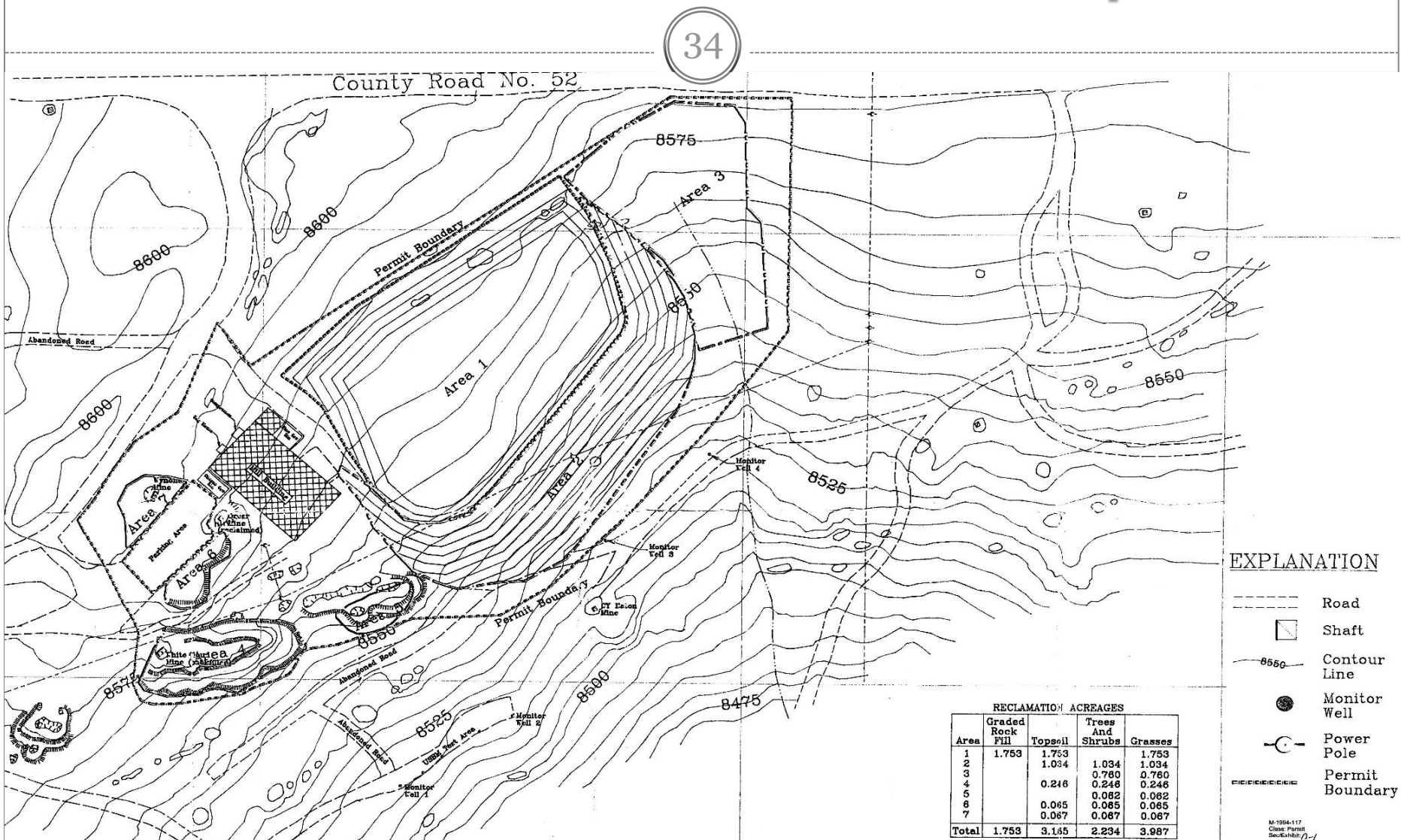


RECEIVED

AUG 19 1999

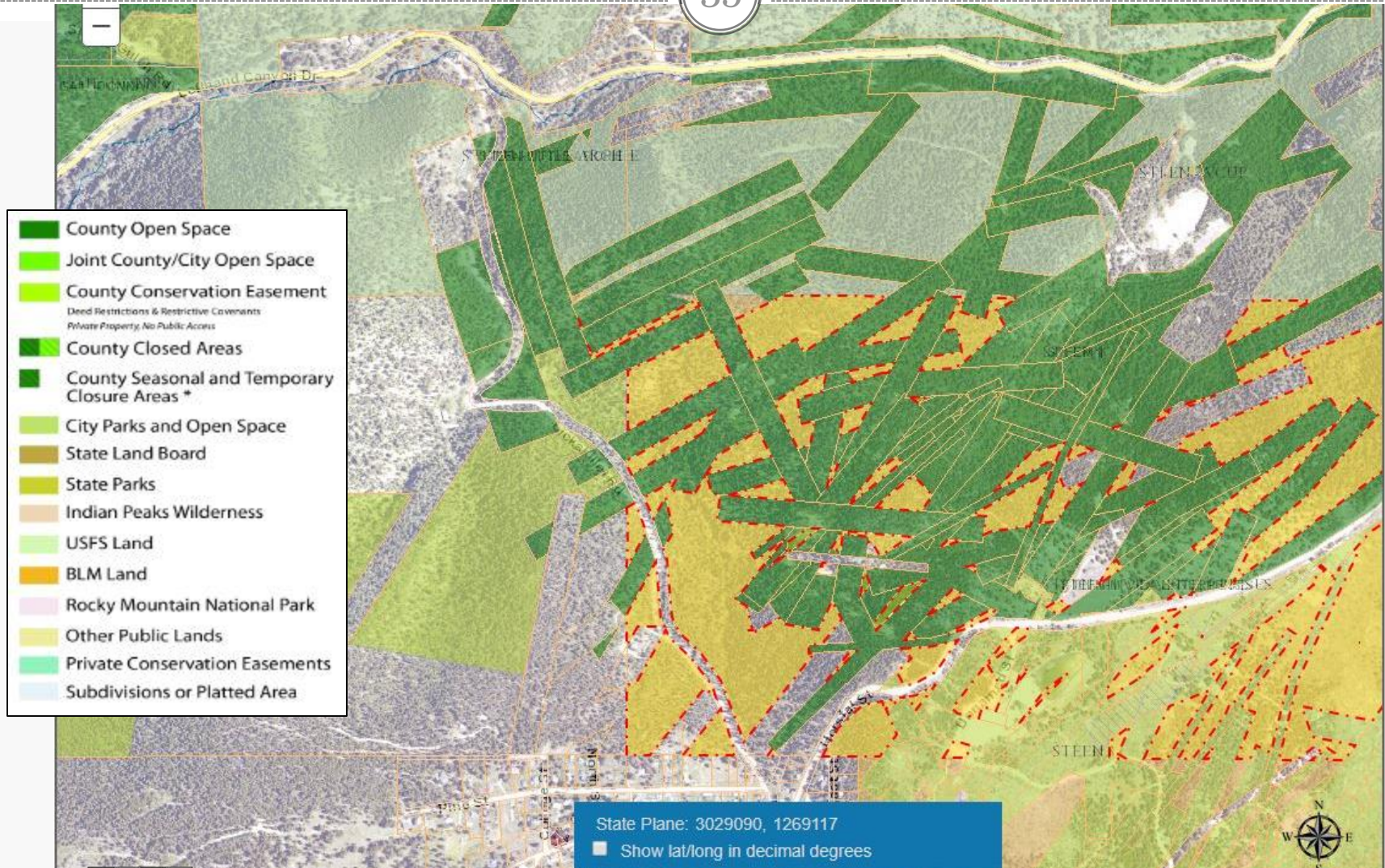
DIV. OF MINERALS

34

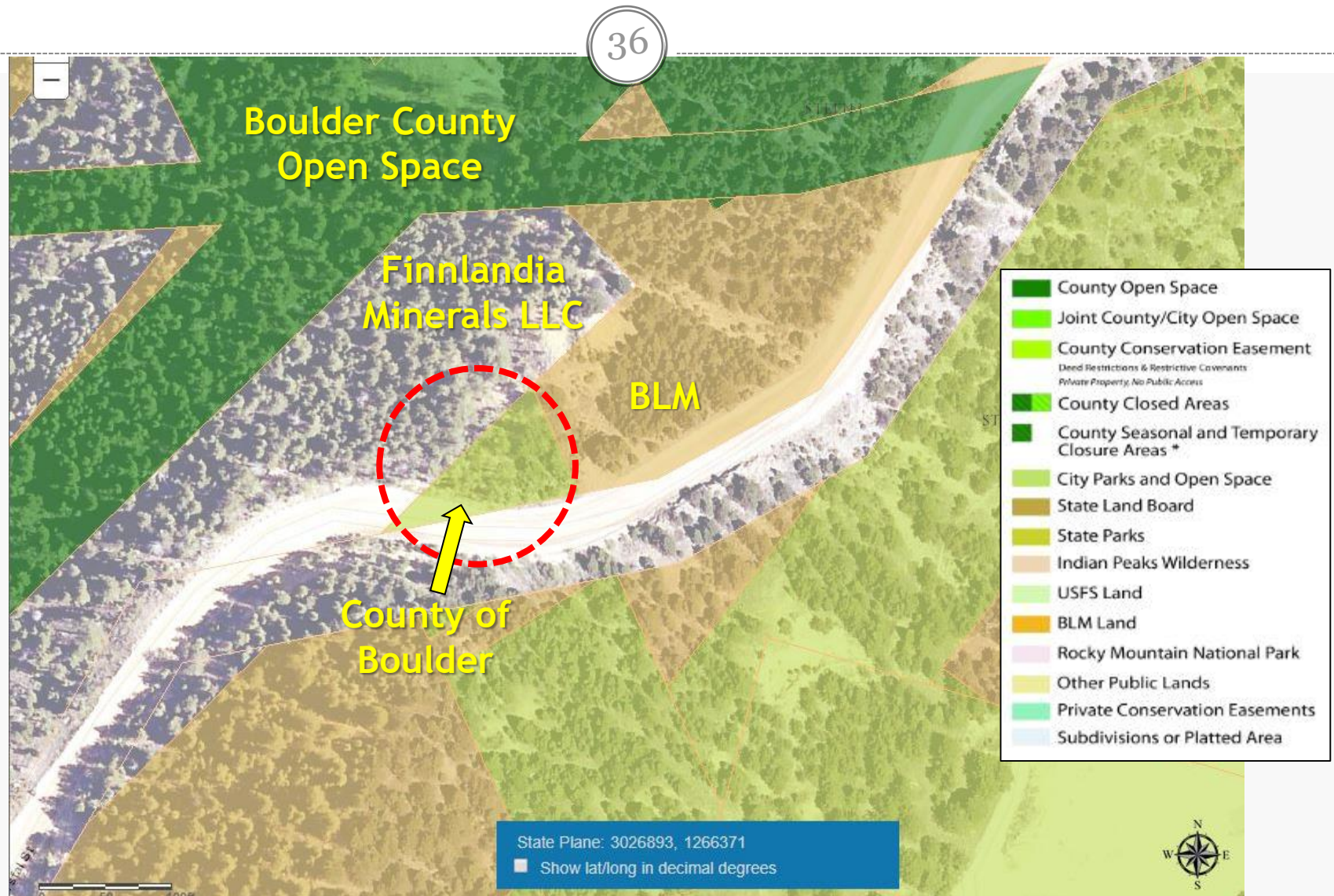


M-1994-117
Class: Permit
Sec/Exhibit: 10

35

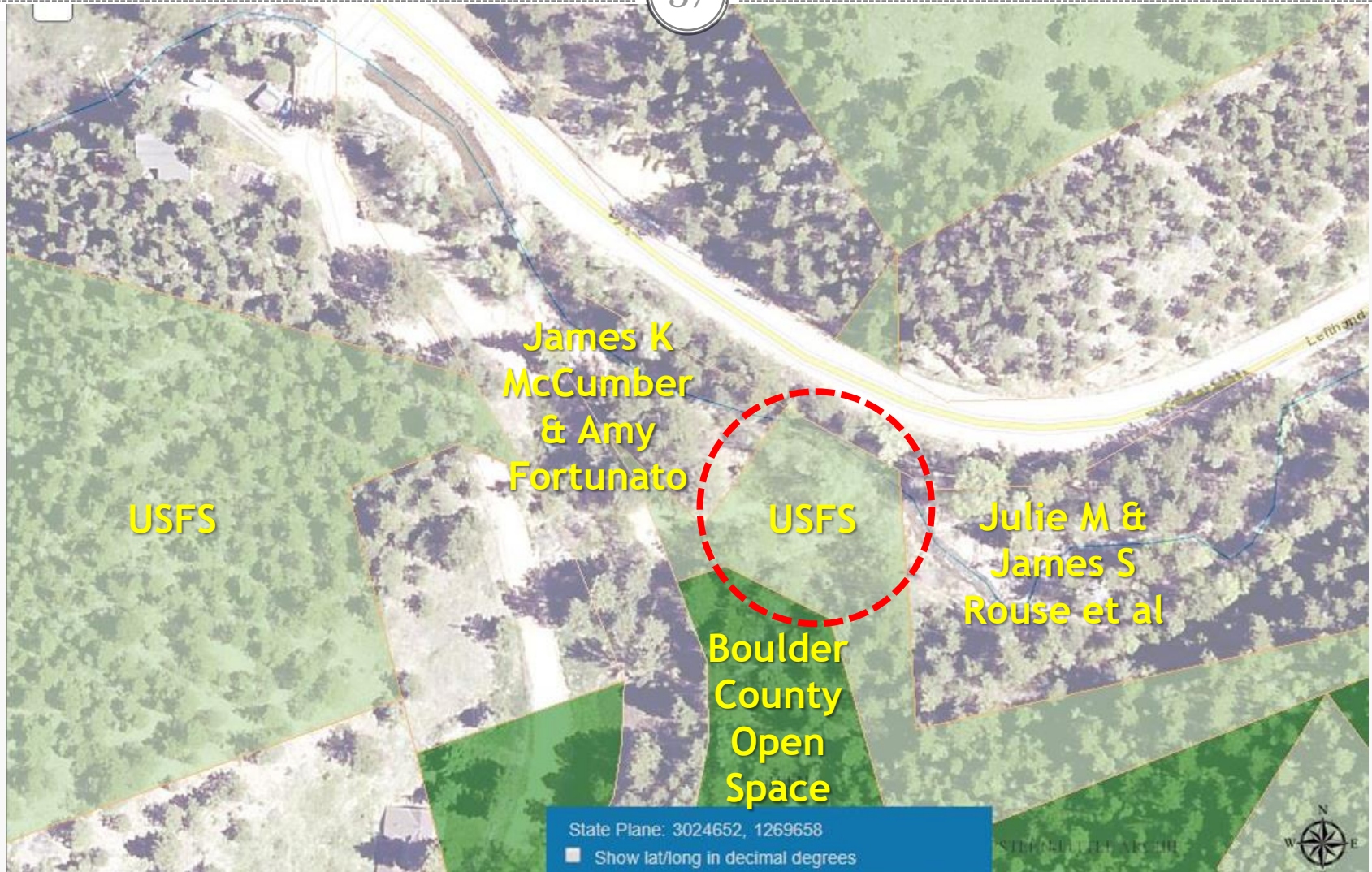


Parcel Map of Times Mine Subsidence Area

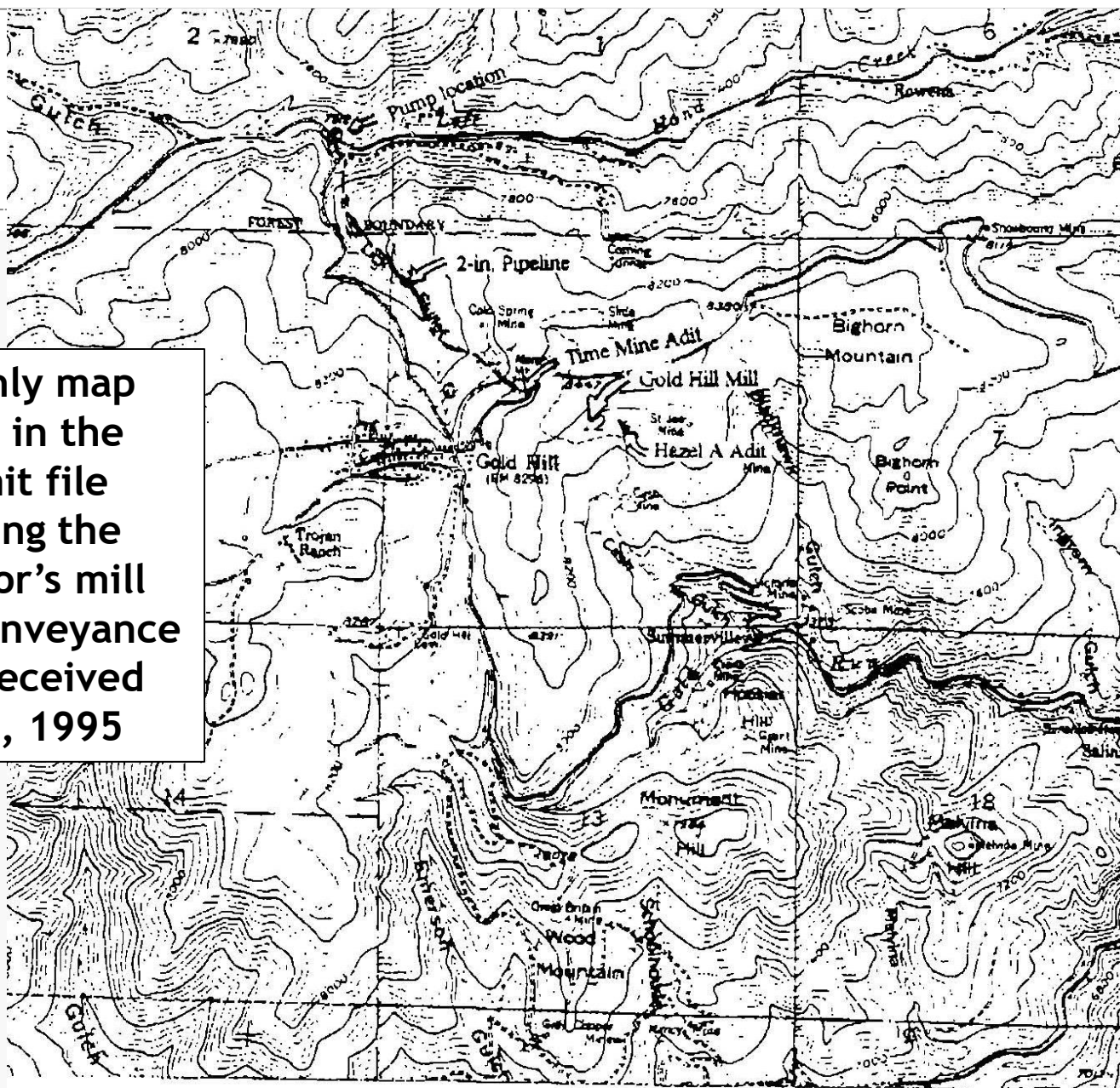


Parcel Map of Left Hand Creek Area

37



The only map found in the permit file showing the operator's mill water conveyance plan, received May 2, 1995



Gold Hill Mill
Scale 1:24000

Gold Hill Mining District Boulder County, Colorado



Exhibit A

View of Times Mine Subsidence Area

39



Gold Hill Mill

**Times Mine
damage**

Sunshine Canyon Dr

149 ft

© 2017 Google
Image Landsat / Copernicus

Google earth

Imagery Date: 9/7/2016 40°04'00.27" N 105°24'15.20" W elev 8455 ft eye alt 8737 ft

Topographic Map of Site

40

