

BEFORE THE MINED LAND RECLAMATION BOARD
STATE OF COLORADO

IN THE MATTER OF REASON TO BELIEVE VIOLATION EXISTS,
BATES-HUNTER MINE, File No. M-1990-041.

**DIVISION OF RECLAMATION, MINING, AND SAFETY AND CENTRAL
CITY CONSOLIDATED MINING STIPULATED AGREEMENT**

THIS AGREEMENT ("Agreement") is made and entered into by and between the Colorado Division of Reclamation, Mining and Safety ("Division") and Central City Consolidated Mining (the "Operator") (jointly as "Parties"). Undersigned counsels submit this agreement for consideration by the Mined Land Reclamation Board ("Board"). In support of their Agreement, the Division and the Operator state the following:

Background Facts

A. Operator holds a 110(2) permit for a 3.5-acre gold mining and mill operation located in Section 12, Township 3 South, Range 73 West, 6th Principal Meridian in Gilpin County, Colorado, permit number M-1990-041. The permit boundary is comprised of a mine and a mill. The mine is known as the Bates-Hunter Mine and occupies approximately one acre located between the towns of Central City and Blackhawk along State Highway 279 and the North Fork of Clear Creek. The mill, known as the Golden Gilpin Mill, is located approximately one-half mile from the mine and occupies the remaining two and one-half acres of the permit boundary.

B. This site has been subject to multiple inspections and financial warranty increases. On September 3, 2010, the Division increased the financial warranty for the site from \$5,000 to \$13,730 and notified the Operator of the increase. The Operator did not submit the increased financial warranty. On September 19, 2013, the Division increased the financial warranty for the site from \$5,000 to \$15,500 and notified the Operator of the increase. The Operator did not submit the increased financial warranty.

C. On October 16, 2013, the Division received a letter from the Operator stating that it could not post the additional financial warranty. Therefore, on December 13, 2013, the Division mailed a Notice of Possible Violation Letter to the Operator for failure to post the additional financial warranty within sixty days. On

January 9, 2014, after discussing alternate option to resolve this matter with operator, the Division withdrew the September 19, 2013 financial warranty increase to allow the Operator additional time to remove refuse from the site.

D. On May 27, 2016, the Division conducted a monitoring inspection of the site and observed several unlabeled drums of chemicals and reagents, and that the mill building had several holes in the roof that was also sagging. On July 6, 2016, the Division mailed the Operator a Notice of Financial Warranty Increase letter, stating that in order to provide for reclamation of the mill after mining and to address the concerns with the drums on site the financial warranty was increased from \$5,000 to \$149,721. After the Operator failed to provide the increased financial warranty, on October 17, 2016, the Division mailed a Notice of Possible Violation Letter to the Operator for failure to post the additional financial warranty within sixty days. At the November 16, 2016 enforcement hearing the Board found a violation (MV-2016-056) and ordered the Operator to cease and desist any further mining activities except as necessary to comply with the Board order, and to submit to the Division within sixty days of the Board order \$144,721 in additional financial warranty. The order was signed December 2, 2016 (the "December 2016 Order").

E. In response, on January 27, 2017, the Operator submitted Technical Revision No. 03 (TR-03) to the Division to provide information demonstrating that the mill qualifies as an historic structure pursuant to Rule 3.1.11.

F. On February 8, 2017, the Division provided the Operator with Preliminary Adequacy Issues for Technical Revision No. 03, explaining that the operator must still submit: 1) a letter from the City of Black Hawk which affirmatively states the mill building is currently in conformance with local building and zoning ordinances and will not conflict with the post-mining land use; and, 2) documentation from the State Historic Preservation Office ("SHPO") which specifically lists the mill building as a historic structure.

G. On February 24, 2017, the Division extended the decision date for Technical Revision No. 03 until June 26, 2017.

H. On June 20, 2017, the Operator provided to the Division an update on its progress to obtain a Special Use Review Permit from the City of Black Hawk to demonstrate that it is in conformance with local building and zoning ordinances, and to obtain a historic designation from the SHPO for the mill building. On February 20, 2017, the Operator completed an Improvement Location Certificate to support its Special Use Review Permit application. On May 10, 2017, the City of Black Hawk provided the Operator with a letter explaining it is not opposed to the mill building remaining after mining. On June 20, 2017, the Operator submitted a Land Development

Application to the City of Black Hawk in support of its Special Use Review Permit. The Development Review Committee for the City of Black Hawk set a hearing for this application on July 12, 2017, which was later changed to July 19, 2017. The Operator has also been informed by the SHPO that the Golden Gilpin Mill is already included within the Central City – Black Hawk National Historic Landmark, and is following up on steps to obtain the further designation requested by the Division.

I. On July 11, 2017, the Division issued a denial of Technical Revision No. 03.

J. On July 18, 2017, the Division issued to the Operator a Reason to Believe a Violation Exists letter and Notice of Board Hearing to consider the Operator's violation of the Board's December 2016 Order for Violation MV-2016-056.

K. On July 19, 2017, the Operator attended the hearing on its application for Special Use Review Permit before the Development Review Committee of the City of Black Hawk.

L. On August 11, 2017, the Operator appealed the denial of Technical Revision No. 03, and on August 18, 2017, the Operator requested an extension of the hearing date for the Division's Reason to Believe a Violation Exists letter.

M. On September 6, 2017, the Operator began to remove and properly disposed of the drums of chemicals and reagents at the site. Operator shall submit proof of proper disposal and/or storage to the Division.

N. At hearing on August 23, 2017, the Board heard testimony related to the violation. The Parties informed the Board that they were working on a potential stipulation to address the alleged violation, and that as part of this process the Operator had agreed to withdraw its appeal of the denial of Technical Revision No. 03. The Parties also informed the Board that GS Mining, LLC now has an option on the Bates-Hunter Mine. The Board continued the hearing to September 27, 2017.

O. The Division and the Operator have discussed resolution of pending matters concerning the Bates-Hunter Mine, specifically abatement of all outstanding corrective actions through timely compliance with the conditions set forth in the December 2016 Order. Based on the Parties' discussions, the Parties hereby agree to the following terms:

Agreement

1. The Operator shall by September 27, 2017 submit to the Division additional financial warranty in the amount of \$36,000. The Operator may rely upon GS Mining, LLC to submit this additional financial warranty through a third party bond.

2. The Operator shall continue to pursue its Special Use Review Permit with the City of Black Hawk, as well as further documentation from the SHPO in a form deemed acceptable by the Division pursuant to Rule 3.1.11 to demonstrate the mill building is designated historic.

3. In the event the Operator obtains a Special Use Review Permit from the City of Black Hawk, and provides further documentation, through a Technical Revision application, from the SHPO in a form deemed acceptable by the Division pursuant to Rule 3.1.11 to demonstrate the mill building is designated historic, the Division shall recalculate the bond necessary for the Bates-Hunter Mine, File No. M-1990-041, providing that the mill shall remain at the property following mining activities.

4. The Parties acknowledge that it will take several months for the Operator to obtain its Special Use Review Permit and further documentation from the SHPO.

5. If the Operator has not yet obtained this necessary documentation set forth in Paragraph 2 above on or before February 28, 2018, it shall submit to the Division additional financial warranty in the amount of \$58,000. The Operator may rely upon GS Mining, LLC to submit this additional financial warranty through a third party bond.

6. If the Operator has not yet obtained this necessary documentation set forth in Paragraph 2 above on or before May 31, 2018, it shall submit to the Division the remaining balance of the additional financial warranty in the amount of \$50,721... The Operator may rely upon GS Mining, LLC to submit this additional financial warranty through a third party bond.

7. The Operator shall not be obligated to obtain a Special Use Review Permit from the City of Black Hawk or further documentation from the SHPO in a form deemed acceptable by the Division pursuant to Rule 3.1.11 to demonstrate the mill building is designated historic, provided that if it does not obtain this information it shall be required to bond appropriately and as required by the Colorado Mined Land Reclamation Act and the Mining Rules for the mill building, and to modify its mining permit accordingly.

8. The Operator agrees that failure to comply with all requirements and timeframes specified in this Agreement constitutes a failure to comply with a Board Order and is grounds for an immediate hearing for consideration of permit revocation and forfeiture of the financial warranty at the next regularly scheduled Board hearing, or as soon thereafter as possible.

WHEREFORE, the Parties respectfully request that the Board approve this joint stipulation at its September 27, 2017 meeting.

Respectfully submitted this 20th Day of September 2017.



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8. The Operator agrees that failure to comply with all requirements and timeframes specified in this Agreement constitutes a failure to comply with a Board Order and is grounds for an immediate hearing for consideration of permit revocation and forfeiture of the financial warranty at the next regularly scheduled Board hearing, or as soon thereafter as possible.

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