




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: Bad Boys Pit	MINE/PROSPECTING ID#: M-1996-081	MINERAL: Gemstones	COUNTY: Teller
INSPECTION TYPE: Monitoring	INSPECTOR(S): Elliott R. Russell	INSP. DATE: September 21, 2017	INSP. TIME: 10:00
OPERATOR: Bad Boys of Cripple Creek Mining Co., Inc.	OPERATOR REPRESENTATIVE: Harriet Graham	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	

REASON FOR INSPECTION: Priority	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$3,700.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 13, 2017

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected

ACID OR TOXIC MATERIALS	<u>N</u>	FISH AND WILDLIFE	<u>Y</u>	ROADS	<u>Y</u>
AVAILABILITY OF RECORDS	<u>PB</u>	HYDROLOGIC BALANCE	<u>Y</u>	PERMIT STIPULATIONS	<u>NA</u>
BACKFILL AND GRADING	<u>Y</u>	GEN COMP WITH MINE PLAN	<u>Y</u>	SEDIMENT CONTROL	<u>Y</u>
COMPLETE INSPECTION	<u>Y</u>	OFF-SITE DAMAGE	<u>PV</u>	SIGNS AND MARKERS	<u>PB</u> <u>PB</u>
EXCESS SPOIL/DEV. WASTE	<u>N</u>	PROCESSING WASTE	<u>N</u>	STORM WATER MGT PLAN	<u>N</u>
EXPLOSIVES	<u>NA</u>	RECLAMATION SUCCESS	<u>Y</u>	SUPPORT FACILITIES	<u>N</u>
FINANCIAL WARRANTY	<u>Y</u>	REVEGETATION	<u>Y</u>	TOPSOIL	<u>Y</u>

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

PROBLEMS/POSSIBLE VIOLATIONS

INSPECTION TOPICS: Off-site Damage

POSSIBLE VIOLATION: Land has been affected by the mining operation outside of the approved permit boundary. This is a possible violation of C.R.S. 34-32-116(7)(h) for failure to protect areas outside of the affected land from slides or damages occurring during the mining operation.

CORRECTIVE ACTIONS: This possible violation will require a hearing before the Mined Land Reclamation Board scheduled for the December 13-14, 2017 Board meeting. The schedule and other details for the MLRB hearing will be provided under a separate document to be sent via certified mail to the Operator.

CORRECTIVE ACTION DUE DATE: December 13-14, 2017

INSPECTION TOPIC: Availability of Records

COMPLIANCE PROBLEM #1: The Operator no longer owns portions of the land within the permit boundary, making the permit's Exhibit G - Source of Legal Right-to-Enter, obsolete. This is a problem for failure to maintain legal right of entry.

CORRECTIVE ACTIONS: The Operator shall submit new documentation in accordance with Rule 6.3.7, which demonstrates the Operator has the legal right of entry to the site and to conduct mining and reclamation for all Owners of Record of the surface and mineral rights of the affected lands. In accordance with Rule 6.3.5(2)(c), the Operator shall also submit an updated Exhibit E Mining Plan Map to formally identify all current Owners of Record and the associated parcel boundaries within the permitted area.

CORRECTIVE ACTION DUE DATE: January 12, 2018

INSPECTION TOPIC: Signs and Markers

COMPLIANCE PROBLEM #2: The mine identification sign was not posted at the entrance of the mine site. This is a problem for failure to post a mine identification sign as required by Rule 3.1.12(1).

CORRECTIVE ACTIONS: The operator shall submit photo documentation showing a sign posted at the entrance to the mine site, which shall be clearly visible from the access road, specifying the following:

- the name of the operator
- indicate that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board
- the permit number

CORRECTIVE ACTION DUE DATE: January 12, 2018

INSPECTION TOPIC: Signs and Markers

COMPLIANCE PROBLEM #3: The affected area boundary markers are missing or incorrectly placed. This is a problem for failure to maintain boundary markers around the affected area as required by Rule 3.1.12(2).

CORRECTIVE ACTIONS: The operator shall conduct a survey and replace the boundary markers in the correct location(s). The operator shall submit photo documentation and the coordinates of the replaced boundary markers.

CORRECTIVE ACTION DUE DATE: January 12, 2018

OBSERVATIONS

This inspection was conducted in response to a telephone conversation with Harriet Graham of Bad Boys of Cripple Creek Mining Co., Inc. (Operator). The Operator told the Division that they no longer owned a portion of the affected lands and the new landowners were interested in relocating the site's topsoil stockpile. The Division informed Ms. Graham that she would need to secure a legal right to enter with the new landowners.

The Bad Boys Pit is a 110(2) Operation and is permitted at 0.9 acres of land for the extraction of turquoise. The site is located just north of Cripple Creek in Teller County. Affected lands will be reclaimed to support a post-mining land use of rangeland. The operation is approved to create a single pit, estimated to be as large as 30 feet by 15 feet and 50 feet deep at any one time with contemporaneous backfilling.

The Division met the Operator at the entrance to the site, approximately ¼ mile north of the intersection of Galena Avenue and Hayden Street. The Operator was represented during the inspection by Harriet Graham. Ms. Graham was accompanied by Scott Thompson. Clint Cross, representing the new landowner, also attended the inspection.

The site was not active at the time of the inspection and it appeared to have not been active for quite some time. The site consists of a single pit, approximately 50 feet deep on the west side with a gradual access ramp coming in from the east. There were various stockpiles of overburden and topsoil surrounding the pit on the western and eastern sides. The Division collected GPS data of the pit with a Trimble Juno 3B. Attached to this report is an inspection map, a Google Earth aerial image dated June 15, 2016, which depicts the permit boundary and the disturbances associated with the permit. The approximate permit boundary was determined using the approved Mining and Reclamation Plan Map received October 15, 1996. The Division has determined approximately 0.6 acres of lands outside of the permit boundary have been affected from the mining operation. The off-site disturbances is cited as a Possible Violation on page two of this report.

Availability Of Records: Annual fees are paid through June 27, 2017.

As discussed above, the Operator informed the Division that they no longer owned a portion of the affected lands. Bad Boys of Cripple Creek Mining Co., Inc. is still the landowner on a triangular-shaped area (approximately 0.4 acres) within the central portion of the permit. Areas to the east, north, and west of the triangle are now owned by a new landowner, making the permit's original Exhibit G - Source of Legal Right-to-Enter, obsolete. This is cited as Compliance Problem #1 on page two of this report requiring the operator to secure a legal right to enter with the new landowners. During the inspection, the Division observed the triangular-shaped area's property pins, which were recently placed when the new landowner had the property surveyed. The Division collected GPS data on these pins and is included in the attached inspection map.

Financial Warranty: The \$3,698.00 bond required by the Division, set during the permitting process in 1996, is inadequate to cover the associated reclamation costs of the current mine disturbance. Reviewing the approved reclamation plan, mine plan, collected GPS data, and Google Earth, the Division has calculated a new financial warranty of \$8,504.00, however the Division has not issued a Notice of Surety Increase as specific reclamation tasks include areas outside of the permit boundary. A Surety Increase of an additional \$4,806.00 will be associated with the hearing before the Mined Land Reclamation Board as discussed above. The Division has enclosed a copy of the reclamation cost estimate for the Operator's review.

Signs and Markers: The mine identification sign was not posted at the entrance of the mine site. This is cited as Compliance Problem #2 on page two of this report. The permit boundary markers were not in place either. This is cited as Compliance Problem #3 on page two of this report.

Topsoil: Topsoil has been salvaged and stockpiled to the north of the pit. This stockpile is approximately 230 feet long and is located within or near the City of Cripple Creek's waterline easement. It was not clear at the time of the inspection, but supposedly the topsoil had been stockpiled on top of the City's waterline. Mr. Cross stated that he contacted the City of Cripple Creek's Public Works Department and was starting to push the topsoil stockpile to the east of its location, outside of the city's easement. Mr. Cross stated that the new landowner viewed this stockpile as a liability being located on top of a water line and therefore wanted it pushed off of it. Similarly, the landowner views the pit's highwall as a liability and has installing warning signs and safety fencing at the crest of the highwall near the City's water treatment plant.

This concludes the Division's Inspection Report; a subset of photographs taken during the time of the inspection are included below. If you need additional information or have any questions, please contact me at Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at **303-866-3567 x8132**, or by email at elliott.russell@state.co.us.

PHOTOGRAPHS

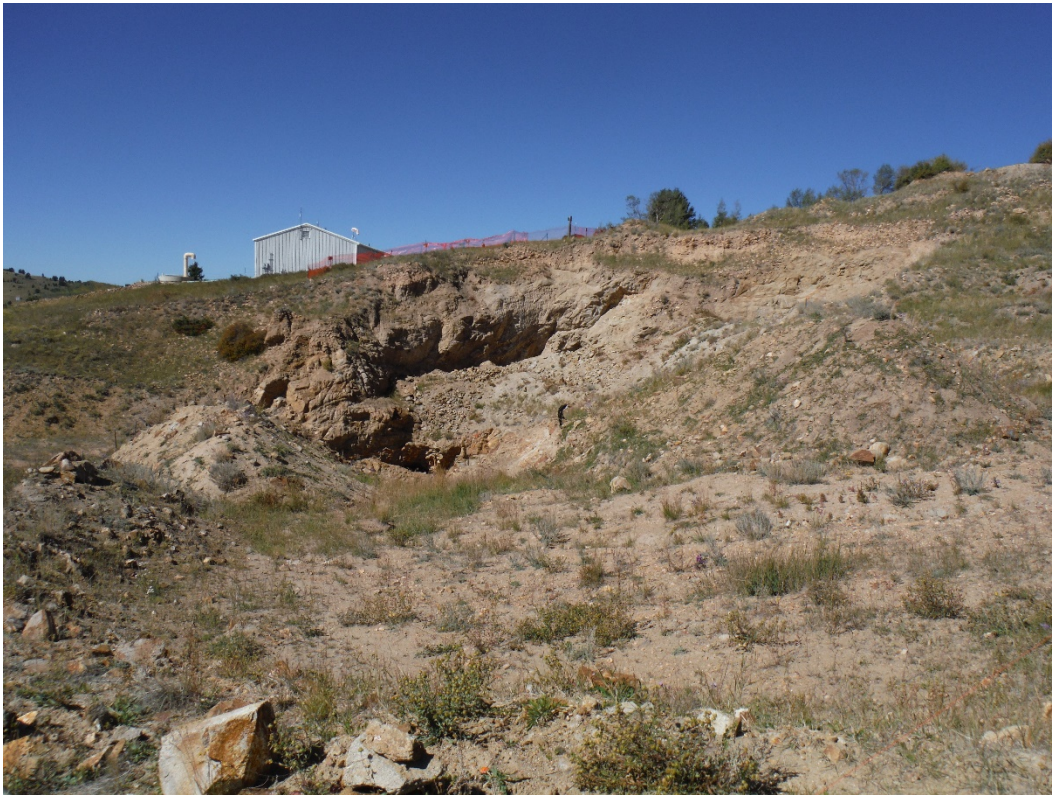


Photo 1. Pit overview; looking west.



Photo 2. Pit overview; looking west.

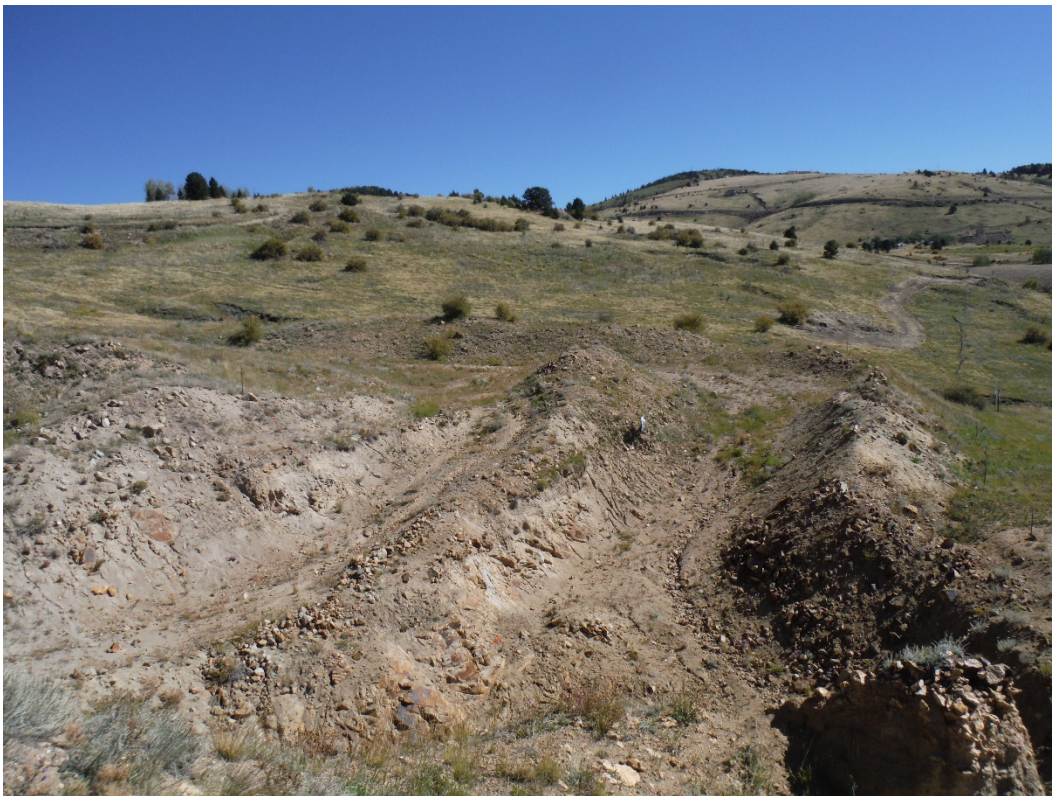


Photo 3. Pit overview; looking east.



Photo 4. Pit overview; looking south.



Photo 5. Overburden stockpiled northwest of the pit; looking northeast.



Photo Overburden stockpiled east of the pit; looking northwest.



Photo 8. Topsoil stockpiled north of the pit; looking south.



Photo 9. Northern property corner of the triangular-shaped parcel still owned by the Operator; looking south.

Inspection Contact Address

Harriet Graham
Bad Boys of Cripple Creek Mining Co., Inc.
1429 Locust Drive
Canon City, CO 81212

Attachment: DRMS 9-21-17 Inspection Map M1996081


Enclosure: Reclamation Cost Estimate M1996081


CC: Wally Erickson with Division of Reclamation, Mining, and Safety


DRMS Inspection Map

Bad Boys Pit (M-1996-081)
Inspection Date: 9/21/2017
Aerial Image Dated: 6/15/2016
Created by ERR

Legend

 Approximate Off-site Disturbance

 Approximate Permit Boundary

 Approximate Property Boundary

