



Newmont Mining Corporation
Cripple Creek & Victor Gold Mining Company
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Victor, CO 80860
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SENT CERTIFIED, RETURN RECEIPT REQUESTED
7017 2400 0000 4077 8609 AND ELECTRONIC MAIL

April 12, 2018

Ms. Virginia Brannon
Division Director
Colorado Department of Natural Resources
Division of Reclamation, Mining and Safety
Office of Mined Land Reclamation
1313 Sherman Street, Room 215
Denver, Colorado 80203

**RE: Consent Agenda
Cresson Project, Permit No. M-1980-244**

Dear Ms. Brannon,

Enclosed please find an executed copy of the Division of Reclamation, Mining and Safety's (the Division) April 11, 2018 Revised Staff Summary Form for the Consent Agenda (Consent Agenda) for the possible violations found at the Cresson Project, Permit No. M-1980-244. Although Cripple Creek & Victor Gold Mining Company (CC&V) disagrees with the possible violations identified in the Consent Agenda, CC&V has executed the Consent Agenda in a good-faith effort to cooperate with the Division and encourage a positive working relationship going forward. CC&V trusts that this constructive relationship will include a mutually-beneficial result from the Technical Revision process outlined in the third Corrective Action item in the Consent Agenda.

As always, please feel free to contact either myself at 719-689-4059 or Mike.Schaffner@Newmont.com or Meg Burt at 719-689-4055 or Margaret.Burt@Newmont.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "MS", is written over the typed name.

Mike Schaffner
General Manager
Cripple Creek and Victor Gold Mining Company



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources
1313 Sherman Street, Room 215
Denver, Colorado 80203

STAFF SUMMARY FORM FOR CONSENT AGENDA

Date: April 11, 2018

Operator: Cripple Creek & Victor Gold Mining Company

Permit No.: M-1980-244

Permit Type: 112d-3 Designated Mining Operation

Specialist: Elliott Russell

Action: Possible Violation of C.R.S. §34-32-121.5, Rule 8.1(a), and Rule 8.1(b)
Possible Violation pursuant to C.R.S. §34-32-124(1)

Resolution:

Cripple Creek & Victor Gold Mining Company (Operator) voluntarily consents to a violation of C.R.S. §34-32-121.5, Rule 8.1(a), and Rule 8.1(b), for failing to notify the Office of a slope failure in the Squaw Gulch Valley Leach Facility which may have damaged the geomembrane liner; and a violation pursuant to C.R.S. §34-32-124(1), for failing to comply with a condition of the permit from Amendment 10 - Volume I - Exhibit U - Section 7.2.3 and Amendment 10 - Volume V - Appendix 9, specifically addressing ore stacking and design criteria of the Squaw Gulch Valley Leach Facility. The Operator also consents to a Cease and Desist Order, Corrective Actions, and Civil Penalties provided herein, for the Cresson Project, Permit No. M-1980-244.

Chronology:

- December 16, 2017 - Date of slope failure in the Squaw Gulch Valley Leach Facility
- February 27, 2018 - DRMS site inspection, report signed and mailed March 15, 2018
- March 15, 2018 - RTB signed and mailed to Operator

Reason for Violation:

As detailed in the Division's inspection report, signed March 15, 2018, the Division observed evidence of non-crushed ore (run-of-mine material) end dumped in 200-foot lifts from the 9,850 lift. The non-crushed ore was dumped 200 feet to an area of down-sloping ground and contacted the Drain Cover Fill for the geomembrane liner within the Squaw Gulch Valley Leach Facility. Additionally, the Division observed crushed ore dumped onto the Drain Cover Fill from an approximate 10,050 lift, approximately 200 feet above the active lift and out of sequence with the loading procedures for the Squaw Gulch Valley Leach Facility. The above mentioned activities are in direct violation of the Permit. During the inspection the Division also observed evidence of a slope failure in the Environmental Protection Facility known as the Squaw Gulch Valley Leach Facility. The slope failure observed at the Squaw Gulch Valley Leach Facility may have damaged the geomembrane liner designed to contain and control



metallurgical processing fluids containing designated chemicals. The Operator has commenced removal of the slumped material in order to expose the liner for inspection and verify the integrity of the liner. The Operator failed to notify the Division of this slope failure and potential loss of containment of designated chemicals.

Staff Recommendation:

Violation: Find the Operator in violation of C.R.S. §34-32-121.5, Rule 8.1(a), and Rule 8.1(b), for failure to notify the Office, as soon as reasonably practicable, but no later than 24 hours, after the Operator has knowledge of a failure or imminent failure 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 that are acid- or toxic-forming, as identified in the permit. Additionally, find the Operator in violation pursuant C.R.S. §34-32-124(1), for failure to comply with a condition of the permit regarding the Squaw Gulch Valley Leach Facility. Specifically, a violation of Amendment 10 - Volume I - Exhibit U - Section 7.2.3 and Amendment 10 - Volume V - Appendix 9.

Cease and Desist Order: Issue a Cease and Desist Order prohibiting any further leaching activities on the 9,850 lift within 500 feet of the slope failure and possible damaged liner area, until the Division reviews and approves the Environmental Protection Facility recertification.

Corrective Action(s): Require the Operator to:

- 1) Re-certify the Squaw Gulch Valley Leach Facility as an Environmental Protection Facility as soon as possible, not to exceed 180 days from the effective date of the Board Order.
- 2) Conduct daily inspections of the Squaw Gulch Valley Leach Facility's Leak Detection System and weekly sampling of the Squaw Gulch Valley Leach Facility's Underdrain System until Division reviews and approves the Environmental Protection Facility recertification. Results of the inspections and sampling shall be provided to the Division on a monthly basis.
- 3) File a Technical Revision to clarify the operational procedures whereby ore is placed in the Squaw Gulch Valley Leach Facility. The Technical Revision shall include and consolidate all aspects of the ore placement. The Operator shall file the Technical Revision with the Division as soon as possible, not to exceed 30 days from the effective date of the Board Order.

Civil Penalties: Pursuant to C.R.S. §34-32-124(7) an operator who violates any provision of a permit 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. In this case, there are 130 days of violation from the December 16, 2017 slope failure to the April 25, 2018 Board Hearing.

Assess a civil penalty of \$1,000 per day of violation for 130 days, for a total civil penalty amount of \$130,000, with all but \$32,500 suspended if the Operator complies with the corrective actions. The portion of the civil penalty not suspended, \$32,500, shall be due and payable within 30 days

of the effective date of the Board Order. If the Operator does not comply with the corrective actions set forth in the Order, then the suspended penalties, \$97,500, shall be due and payable. Failure to submit any due and unpaid civil penalties shall result in immediate submittal of such penalties to State collections.

Operator's Notarized Signature: As an authorized representative of the Operator, I hereby attest that the Operator voluntarily consents to the above described violations and agrees to comply with the Cease and Desist Order, Corrective Action, and Civil Penalty proposed in this STAFF SUMMARY FORM FOR CONSENT AGENDA ITEMS.

Signed and dated this 4 day of April, 2018.

Operator: Cripple Creek & Victor Gold Mining Company

Name: Mike Schaffner (please print clearly):

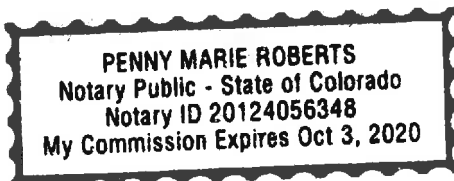
Signature: MS

Title: General manager

State of Colorado)
County of Teller) ss.

The foregoing instrument was acknowledged before me this 12th day of April, 2018,
by Mike Schaffner as General Manager

of Cripple Creek & Victor Gold Mining Company.



Penny Marie Roberts
Notary Public

My Commission Expires: 10/03/2020

SIGNATURES MUST BE IN BLUE INK