



COLORADO


Division of Reclamation,
Mining and Safety

Department of Natural Resources

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: Sugar City Mill	MINE/PROSPECTING ID#: P-2017-002	MINERAL: Gold	COUNTY: Crowley
INSPECTION TYPE: Monitoring	INSPECTOR(S): Amy Eschberger	INSP. DATE: May 31, 2018	INSP. TIME: 13:45
OPERATOR: Mount Falcon Processing, LLC	OPERATOR REPRESENTATIVE: Bruce Humphries, Patrick Maher	TYPE OF OPERATION: MP - Mineral Prospecting	
REASON FOR INSPECTION: Normal I&e Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$2,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 14, 2018	

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>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</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>Y</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>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <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

This inspection of the Sugar City Mill (NOI P-2017-002) was conducted by Amy Eschberger of the Division of Reclamation, Mining and Safety (Division) in conjunction with the inspection for File No. M-2016-017 for the same site. A separate inspection report will be sent for M-2016-017. The site is located approximately ½ mile northeast of Sugar City, CO in Crowley County. Access to the site is directly off of County Lane 23. The operator was represented by Bruce Humphries and Patrick Maher during the inspection.

Submittal of the NOI satisfied a corrective action imposed on the operator by the Board Order mailed on December 5, 2016 for Violation No. MV-2016-057. The purpose of the NOI was to install groundwater monitoring wells and begin collecting baseline characterization data. The approved groundwater monitoring plan includes the installation of four monitoring wells (see enclosed Site Map and Proposed Monitoring Point Locations).

The operator posted a bond of \$2,000 for a maximum disturbance of one acre, including the four drill pads. No new roads would be constructed for the NOI, as existing roads on the property could be utilized to access the drill locations. The approved reclamation plan for the NOI includes backfilling drill holes from total depth to two feet below the surface with either neat cement grout or bentonite. Disturbed areas would be broadcast seeded with a mixture of red or purple threeawn, western wheatgrass, galleta grass, alkali sacaton, and scarlet globemallow.

The Board Order mailed on December 5, 2016 required the operator to also submit a 110d permit application for the proposed milling operation. A 110d permit application was filed for the site on September 11, 2017, and is currently under adequacy review. However, on April 15, 2018, the operator submitted a request to the Mined Land Reclamation Board (Board) to amend the Board Order issued for Violation No. MV-2016-057 to allow the operator to submit a limited impact 110 "reclamation only" permit application for the site. The operator expressed a desire to use or sell the site for an industrial or commercial purpose other than milling. The Board considered the operator's request at the Board meeting held on May 16, 2018.

In the Board Order mailed on June 26, 2018, the Board rescinded their previous requirements for the operator to submit a NOI and 110d permit application for the proposed operation. The Board Order requires the operator to instead submit a limited impact 110 reclamation only permit application within 60 days, due by August 25, 2018. If the operator submits the required permit application by the specified deadline, the suspended portion of the civil penalties assessed for Violation No. MV-2016-057, in the amount of \$5,100.00 will be waived. In consideration of the new Board Order, the Division has recommended the operator submit a request to withdraw the previously submitted 110d permit application. Additionally, once the Division has issued a 110 permit for the site, the operator may request full release of warranties and termination of NOI P-2017-002.

The proposed groundwater monitoring wells approved under this NOI were never installed at the site. Therefore, no reclamation is required for the NOI at this time. The NOI was issued for Mount Falcon Processing, LLC, whom was operating the site at the time of the violation. This operator was affiliated with Eagle Reclamation, LLC, who is the landowner and the applicant for the 110d permit application. It has come to the Division's attention that Mount Falcon Processing, LLC has left the state and no longer has an interest in the NOI. The \$2,000.00 bond held for the NOI is in the form of a cash bond posted by Black Bear Minerals, LLC. Because Mr. Humphries is an authorized representative for Mount Falcon Processing, LLC, he could submit the release request for the NOI. However, the cash bond would be returned to Black Bear Minerals, LLC.

This concludes the report.

Inspection Contact Address

Bruce Humphries
Regulatory Permits Management, Inc.
22151 E. Euclid Pl.
Aurora, CO 80016

Enclosure: Site Map and Proposed Monitoring Point Locations

EC: Robert Blake, Mount Falcon Processing, LLC at: robert@mountfalconprocessing.com
Patrick Maher, Eagle Reclamation, LLC at: mptmaher@outlook.com



Figure 1
Mount Falcon
Processing, LLC
Sugar City Mill
Site Map and Proposed
Monitoring Point Locations
 Date: 1/8/2017 | Job No. 1632.00

Legend

- ▲ Proposed Monitoring Point (Latitude, Longitude)
- Sugar City Mill Site Property Boundary (Approx.)
- PLSS Section

Aerial Photo Date: 9/17/2014
 Data Source: Mount Falcon Processing, LLC, Google Earth, CDOT, USGS, BLM

