



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: Gold Hill Mill	MINE/PROSPECTING ID#: M-1994-117	MINERAL: Gold and silver	COUNTY: Boulder
INSPECTION TYPE: Monitoring	INSPECTOR(S): Amy Eschberger	INSP. DATE: August 9, 2018	INSP. TIME: 10:30
OPERATOR: Colorado Milling Company, LLC	OPERATOR REPRESENTATIVE: Chris Voorhees	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$56,200.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: Stephanie Carter, Amber Sanderson	JOINT INSP. AGENCY: U.S.BLM	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 12, 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>Y</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>Y</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</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 Gold Hill Mill (Permit No. M-1994-117) was conducted by Amy Eschberger of the Division of Reclamation, Mining and Safety (Division) in conjunction with Stephanie Carter and Amber Sanderson of the Bureau of Land Management (BLM). The operator was represented by Chris Voorhees during the inspection. The site is located approximately 10 miles northwest of Boulder, Colorado. Access to the site is off of Sunshine Canyon Drive.

This is a 110(2) operation permitted for 8.4 acres, and includes a mill facility, a tailings impoundment, and an ore stockpile area (see enclosed Google Earth image of site). The affected land consists of several patented mining claims owned by Colorado Milling Company, LLC and some unpatented claims managed by the BLM. The mill was initially included in Permit No. M-1983-141 (Cash and Who Do Mines), but was separated into its own permit in 1995. The permit has been in Temporary Cessation since 2013, and returned to Active status on June 13, 2018 (after the 5-year Temporary Cessation term expired). However, the site remains under a Temporary Suspension issued by the BLM on April 3, 2013, which restricts all mining or milling activities until a Plan of Operations has been approved by their office. According to the BLM, the operator submitted a Plan of Operations to their office on June 13, 2017, but has not yet provided the additional information required for approval. Therefore, the operator is not authorized to commence with operations at this time.

This inspection was limited to observations of areas exterior to the mill facility, as Mr. Voorhees did not have the proper key to allow the Division access to the mill. The Division observed no evidence the mill was in operation. However, the operator should be advised, for future inspections, the Division must be given access to all areas on site. Pursuant to Rule 3.2(1), the Division may enter upon the lands of the operator at all reasonable times for the purpose of inspection to determine whether the provisions of the Act and Rules have been complied with. Failure to provide access (if not for identified safety reasons) could give the Division a reason to believe the operation is not in compliance with the Act and Rules.

In the Division's last inspection report for August 1, 2017, a Possible Violation was cited for the operation affecting land outside the approved affected land boundary, specifically including the subsidence that occurred near Sunshine Canyon Drive caused by the operator's efforts to rehabilitate the Times Mine adit to support water conveyance infrastructure for mill use. The Board Order mailed on October 30, 2017 required the operator to demonstrate (within 15 days) the appropriate Boulder County permit had been attained to address repair and stabilization of the damaged portion of Sunshine Canyon Drive. The Board Order also required the operator to complete the plans as approved in the Boulder County permit within 15 days of issuance. On November 21, 2017, the Division received a letter from the operator indicating a permit application had been submitted to Boulder County. On November 29, 2017, the operator provided the Division with a copy of the Boulder County Utility Construction Permit Request submitted to Boulder County on November 15, 2017. As of the signature date of this inspection report, the Division has not received any evidence indicating the permit was approved by the county, or that the work was completed in accordance with the permit.

During the inspection, the Division observed the subsidence area from Sunshine Canyon Drive (**Photo 1**), and from the Time Mines adit below. The temporary structures being used to temporarily stabilize the subsidence area during the last inspection have been replaced with more permanent structures. The subsidence area appeared to be stabilized with some vegetative cover consisting primarily of annual weeds. No damage to Sunshine Canyon Drive was observed (**Photo 2**), and the orange cones the county had placed on the road to warn passersby had been removed. As mentioned above, the Division has no evidence indicated the subsidence area has been repaired in accordance with the county permit. The operator should provide this documentation to the Division as soon as possible.

The Division observed the Times Mine adit (**Photos 3 and 4**) located approximately 50 feet below Sunshine Canyon Drive. An access road to the adit exists off Sunshine Canyon Drive, approximately 200 feet west of the adit. A new metal culvert is installed in the adit, which Mr. Voorhees indicated is 20 feet in length. The end of the culvert was secured by a locked metal gate. The Division observed two PVC pipes running through the culvert and extending out through holes punched in the sides of the culvert (**Photo 5**). The pipes extending out from the culvert were disconnected. The Division observed a portion of the existing PVC pipe that runs up Lick Skillet Gulch (**Photos 6 and 7**), which was used to convey water to the Times Mine adit in the past. This pipeline does not currently terminate in the adit area. The new pipe the operator wishes to install down Lick Skillet Gulch was still stored on top of the large ore stockpile adjacent to the mill (**Photo 8**), as observed during the last inspection. It appeared the operator is maintaining compliance with the cease and desist order issued by the Board Order mailed on October 30, 2017, prohibiting the operator from installing, replacing, maintaining or using any off-site infrastructure intended to convey or store water for the operation.

The Division's August 1, 2017 inspection report cited a problem for failure to post a mine identification sign at the entrance of the mine site. This problem was considered abated on September 27, 2017 after the operator submitted photographic documentation showing the permit sign had been placed at the mine entrance as required. During the inspection, the Division observed the permit sign was still present at the mine entrance off of Sunshine Canyon Drive (**Photo 9**).

In the Division's August 1, 2017 inspection report, a problem was cited for failure to maintain the approved two feet of freeboard in the tailings impoundment. This problem was considered abated on October 27, 2017 after the operator submitted photographic documentation showing the tailings had been relocated inside the tailings impoundment to allow for a minimum two feet freeboard around the perimeter of the impoundment in accordance with the approved mining plan. During the inspection, the Division observed the tailings impoundment to have the required minimum two feet of freeboard (**Photos 10-14**). However, prior to recommencing with mill operations, the operator will need to clean out the dense cluster of cattails and other vegetation growing on the tailings deposited in the impoundment.

A problem for failure to employ weed control methods for state-listed noxious weed species was also cited in the Division's August 1, 2017 inspection report. This problem was considered abated on November 24, 2017, after the operator submitted a weed control plan in the form of a Technical Revision (TR-10). However, the Division observed several weeds growing on site during the inspection, especially around the tailings impoundment and haul road. Mr. Voorhees indicated the operator's weed sprayer was scheduled to visit the site within the next few weeks. The Division recommends the operator implement the approved weed control plan at the site as soon as possible.

The Board Order mailed on October 30, 2017 required the operator to file a permit Conversion or Amendment application within 60 days, 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 the mill, are located within an approved affected land boundary. The operator submitted an Amendment application (AM-1) to add 0.8 acre to the existing 8.4 acre permit area that was filed by the Division on January 4, 2018. The Division mailed a preliminary adequacy review for AM-1 to the operator on January 26, 2018, identifying a total of 46 adequacy items that required additional clarification or information. Since that time, the Division has approved four extension requests from the operator, with the current application decision date scheduled for October 3, 2018. If the operator is unable to adequately satisfy the Division's adequacy concerns by the decision date (not to be extended past 365 days from the date of filing), the application may be denied, and the matter set for another hearing before the Mined Land Reclamation Board.

The Division observed the ore stockpile area located southwest of the mill building (**Photos 15-18**). According

to the permit file, this ore was derived from the Cash Mine located just downhill from the mill site, which is part of Permit No. M-1983-141. The operator has estimated the ore stockpile to contain approximately 35,000-40,000 tons of material that could be processed in the mill. A ramp connects the top of the stockpile to the two coarse ore bins located at the southwestern edge of the mill building. The stockpile appeared to be stable. No signs of acid rock drainage from the stockpile was observed.

The Division observed an equipment storage area located southwest of the ore stockpile (**Photos 19 and 20**). Some of the equipment is stored partially outside of the southern permit boundary. The operator should be advised that any equipment storage areas for the mill operation are considered to be affected lands. Therefore, the operator should be sure these areas are included in the proposed amended permit area for AM-1, or relocate the equipment to within the permit area.

This concludes the report.

PHOTOGRAPHS



Photo 1. View looking down from northern edge of Sunshine Canyon Drive at Times Mine subsidence area. Culvert extending from portal visible below.



Photo 2. View looking east down Sunshine Canyon Drive (above Times Mine subsidence area), showing road in good condition at time of inspection.



Photo 3. View of Times Mine adit located approximately 50 feet below Sunshine Canyon Drive. Fill area above adit appeared to be stable. Portal was secured by locked metal gate.



Photo 4. View of Times Mine adit located approximately 50 feet below Sunshine Canyon Drive. Fill area above adit appeared to be stable.



Photo 5. Closer view of Times Mine adit, showing portal secured by locked metal gate. Note two disconnected pipelines extending from adit.



Photo 6. View looking northeast from Times Mine area, showing portion of existing pipeline in Lick Skillet Gulch visible (indicated with box). This pipeline was once used to convey water from the creek to the mill operation.



Photo 7. View looking down Lick Skillet Gulch where operator proposes installing a new water pipeline to convey water from Left Hand Creek to the mill.



Photo 8. View of two-inch HDPE pipe currently stored on top of ore stockpile. This pipe is intended to replace the existing pipeline present in Lick Skillet Gulch to convey water pumped from Left Hand Creek to the mill.



Photo 9. View of permit sign for Gold Hill Mill posted at mine entrance.



Photo 10. View looking across southwestern corner of tailings impoundment, showing an available freeboard of at least two feet (as required).



Photo 11. View looking across southern edge of tailings impoundment, showing an available freeboard of at least two feet (as required).



Photo 12. View looking across southeastern corner of tailings impoundment, showing an available freeboard of at least two feet (as required).



Photo 13. View looking across northeastern corner of tailings impoundment, showing an available freeboard of at least two feet (as required).



Photo 14. View looking across northern edge of tailings impoundment, showing an available freeboard of at least two feet (as required).



Photo 15. View looking up at two coarse ore bins located at top of ramp (on ore stockpile) at southwestern edge of mill building.



Photo 16. View looking southwest across top of ore stockpile stored southwest of mill building.



Photo 17. View looking east from access road, showing northern side of ore stockpile. The stockpile slopes appeared to be stable.



Photo 18. View looking east from access road, showing southern side of ore stockpile. The stockpile slopes appeared to be stable.



Photo 19. View looking across equipment storage area located southwest of ore stockpile. This area is within the approved permit area.



Photo 20. View looking across equipment storage area located southwest of ore stockpile. This area is located partially outside of the approved permit area.

Inspection Contact Address

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Enclosure: Google Earth image of site

EC: Mike Bynum, Colorado Milling Company, LLC at: mike@bzrez.com

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Amber Sanderson, BLM at: asanderson@blm.gov

M1994-117 / Gold Hill Mill / Colorado Milling Company, LLC

Red Outline = 8.4 acres = Approved Permit Area
Yellow Outline = Times Mine Subsidence Area
(Image data from 6/9/2017)



M1994-117_Gold-Hill-Mill

East St