




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: Hobo 2	MINE/PROSPECTING ID#: M-2017-044	MINERAL: Gemstones	COUNTY: San Juan
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: August 28, 2018	INSP. TIME: 09:15
OPERATOR: McFarland Enterprises, Inc.	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: ILL - Illegal	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$10,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 18, 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>N</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>N</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 was conducted as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. The Hobo Mine is an unpermitted operation that is currently involved in the permitting process. The permit as well as other corrective actions was required by Board Order MV-2017-049. The operation to be located just off County Road 2, just up gradient from the Toltec Tunnel in San Juan County. The site is approximately 10 Miles northeast of Silverton, CO at nearly 10,760 feet in elevation. The site consists of an access road, portal pad area, newly constructed portal shed and portal. The condition of the site remains unchanged from the previous inspection as the Operator is under a Cease and Desist Order from the MLRB. No Operator representative was present during the inspection and in addition to the inspector listed on page one of this report Elliot Russel of DRMS was present. The Division currently holds a Financial Warranty in the amount of \$10,000.00 for the site as required by Board Order MV-2017-049. Four Photos accompany this report to illustrate the current site conditions.

The main purpose of this inspection was to monitor the status of the site, as well as serve as the pre-operational inspection that is required in the permitting process. The access road leading up to the portal from the Toltec Tunnel area appears to be stable and in good condition. No significant signs of settling, slumping or erosion were noted at this time. The initial area of concern, the uphill side of the road, also appears to be stable at this time. Photos One through Three show the condition of the road. The portal pad and work area appear to be in the same condition as the previous inspection. The Portal shed structure has had metal gates installed which were approved by the Division in writing, and locked the day of the inspection. Along with the gates the Operator has attempted to control access by installing wire grating on the open areas. The gates, metal grating and portal shed can be seen in Photo Four. Proper notices as required by the BLM are posted on the portal shed.

A small amount of water was seen flowing out of the portal, which is also visible in Photo Four. This water was confirmed to be storm water flow that is entering the portal shed and flowing out of the gates, not discharge water from the portal itself. This is not considered a problem at this time however the situation will be closely monitored in the future. The waste rock dump area that was used during the initial operations was observed and appears to be stable at this time.

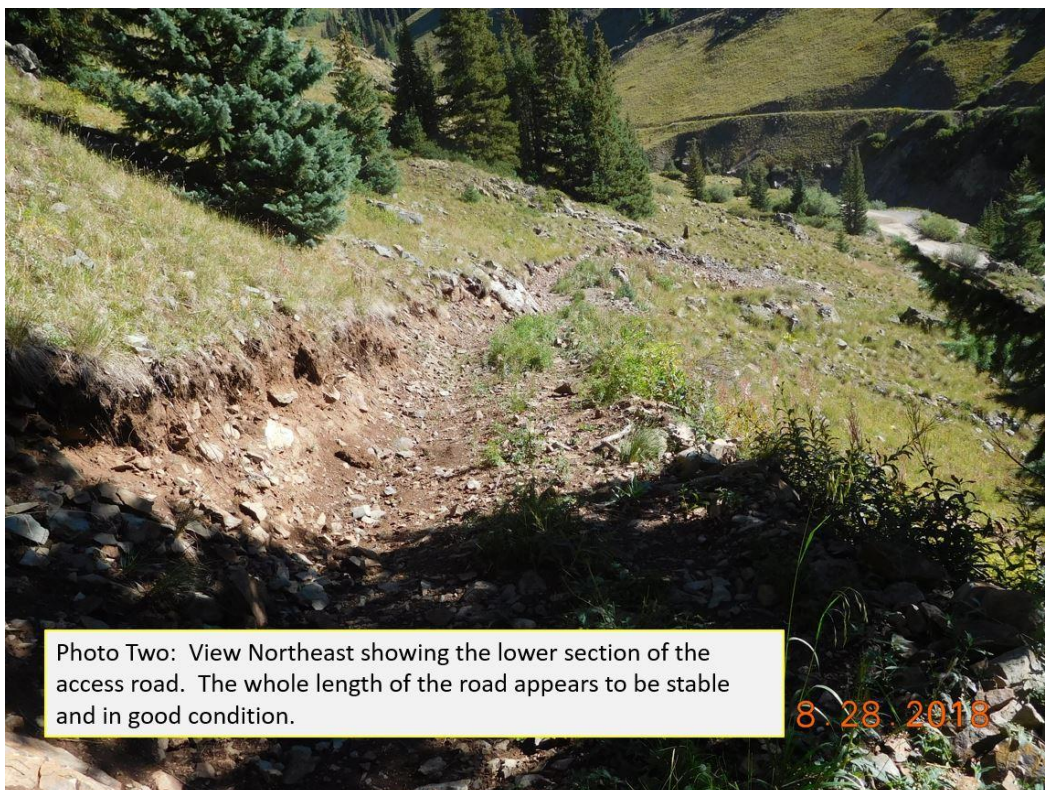
The overall footprint of the site is in good condition. The site is free from excessive trash and debris and no noxious weeds were observed during this inspection. No further problems or possible violations were noted during this inspection. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver CO, by phone at (970)-243-6368 or by email at lucas.west@state.co.us.

Inspection Contact Address

Keith McFarland
McFarland Enterprises, Inc.
1810 Mineral St
Silverton, CO 81433

EC: Dave Lazorcheck, BLM

PHOTOGRAPHS



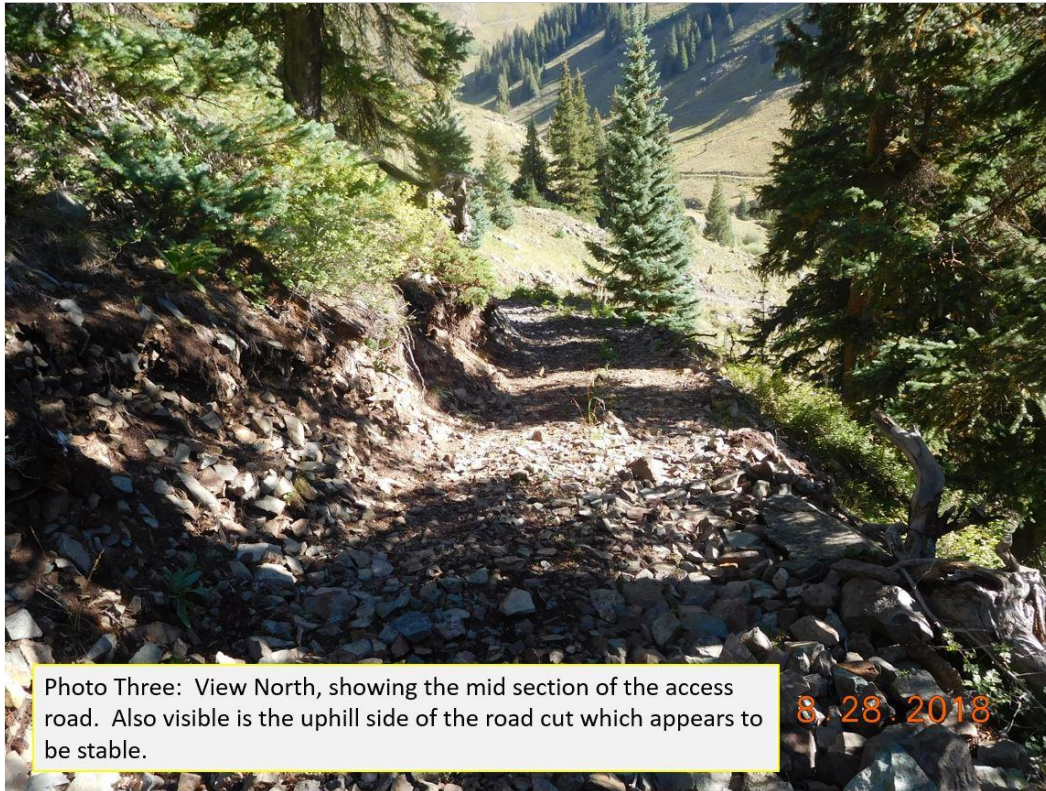


Photo Three: View North, showing the mid section of the access road. Also visible is the uphill side of the road cut which appears to be stable.

8.28.2018



Photo Four: View West, showing the portal, portal shed and installed locking gates with wire fencing. The structure and its components are in good condition. Also visible is minimal storm water flow seen exiting the secured gates.

8.28.2018