


**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.

|   |  |   |                             |
|---|--|---|-----------------------------|
| <b>MINE NAME:</b><br>Sugar City Mill                      | <b>MINE/PROSPECTING ID#:</b><br>P-2017-002   | <b>MINERAL:</b><br>Gold                               | <b>COUNTY:</b><br>Crowley   |
| <b>INSPECTION TYPE:</b><br>Surety Release Inspection      | <b>INSPECTOR(S):</b><br>Patrick Lennberg and Michael Cunningham  | <b>INSP. DATE:</b><br>December 20, 2018               | <b>INSP. TIME:</b><br>10:00 |
| <b>OPERATOR:</b><br>Mount Falcon Processing, LLC          | <b>OPERATOR REPRESENTATIVE:</b><br>None  | <b>TYPE OF OPERATION:</b><br>MP - Mineral Prospecting |                             |
| <b>REASON FOR INSPECTION:</b><br>Surety Release Requested | <b>BOND CALCULATION TYPE:</b><br>None  | <b>BOND AMOUNT:</b><br>\$2,000.00                     |                             |
| <b>DATE OF COMPLAINT:</b><br>NA                           | <b>POST INSP. CONTACTS:</b><br>None  | <b>JOINT INSP. AGENCY:</b><br>None                    |                             |
| <b>WEATHER:</b><br>Clear                                  | <b>INSPECTOR'S SIGNATURE:</b><br> | <b>SIGNATURE DATE:</b><br>December 28, 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>Y</u>       | (BG) BACKFILL & GRADING----- <u>NA</u>   | (EX) EXPLOSIVES----- <u>NA</u>   |
| (PW) PROCESSING WASTE/TAILING---- <u>NA</u> | (SF) PROCESSING FACILITIES----- <u>Y</u> | (TS) TOPSOIL----- <u>NA</u>      |
| (MP) GENL MINE PLAN COMPLIANCE- <u>N</u>    | (FW) FISH & WILDLIFE----- <u>N</u>       | (RV) REVEGETATION---- <u>NA</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>NA</u>   | (SC) EROSION/SEDIMENTATION--- <u>Y</u>   | (ST) STIPULATIONS----- <u>NA</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>NA</u> | (OD) OFF-SITE DAMAGE----- <u>Y</u>       |                                  |

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

## **OBSERVATIONS**

The Sugar City Mill site (P2017-002) was inspected by Patrick Lennberg and Michael Cunningham with the Division of Reclamation, Mine and Safety (Division/DRMS). The inspection was completed as part of a Surety Release request (SL-02) submitted by Mount Falcon Processing LLC on December 6, 2018. The site was not active at the time of inspection. The site was previously inspected by the Division on October 25, 2017. Nobody representing Mount Falcon Processing was available to accompany us during the inspection.

Submittal of the NOI issued under P2017-002 satisfied a corrective action imposed on the operator by the Board Order, signed December 2, 2016. The Board Order also required the operator to submit a 110d permit application for the proposed milling operation to occur at the site. The 110d permit application was submitted by the Board Ordered deadline. After requesting two extensions the operator withdrew the 110d permit application because they were not going to import ore and they plan to sell the property. The operator then obtained a 110 Limited Impact Reclamation only permit (M2018-014) to comply with amended Board Order dated June 22, 2018.

The purpose of the NOI was to begin implementing a groundwater monitoring plan to properly characterize baseline groundwater conditions at the site prior to submitting the 110d permit application. The approved groundwater monitoring plan included the installation of four monitoring wells, with two wells to be located northwest (upgradient) of the proposed mill facility, and the other two wells to be located southeast (downgradient) of the proposed facility (see enclosed Site Map and Proposed Monitoring Locations).

No monitoring wells were installed at the site.

The operator submitted a release request with all the appropriate paperwork completed. The Division recommends the release request be approved, notice of the Division's decision will be sent under separate cover.

Photographs taken during the inspection are attached.

Please contact Patrick Lennberg (303)866-3567 ext. 8114 or email at [patrick.lennberg@state.co.us](mailto:patrick.lennberg@state.co.us) if you have any questions regarding this report.

### **Inspection Contact Address**

Mr. Robert Blake  
Mount Falcon Processing, LLC  
1306 Lincoln Ave.  
La Junta, CO 81050

CC: Michael Cunningham, DRMS

**PHOTOGRAPHS**



**Photo 1:** Monitoring Well 3 (MW-3) location



**Photo 2:** Approximate location of MW-4



**Photo 3:** Approximate location of MW-2





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