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: Phil Sheridan Lode	**MINE/PROSPECTING ID#:** M-1988-081	**MINERAL:** Gold and silver	**COUNTY:** Boulder
INSPECTION TYPE: Monitoring	**INSPECTOR(S):** Amy Eschberger	**INSP. DATE:** September 16, 2021	**INSP. TIME:** 10:00
OPERATOR: Harry Covey	**OPERATOR REPRESENTATIVE:** Janice Wheeler, Dennis Covey	**TYPE OF OPERATION:** 110(1) - Hard Rock Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	**BOND CALCULATION TYPE:** None	**BOND AMOUNT:** $6,100.00
DATE OF COMPLAINT: NA	**POST INSP. CONTACTS:** None	**JOINT INSP. AGENCY:** None
WEATHER: Clear	**INSPECTOR'S SIGNATURE:** Amy Eschberger	**SIGNATURE DATE:** September 24, 2021

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---------- Y	(FN) FINANCIAL WARRANTY-------- N	(RD) ROADS---------- Y
(HB) HYDROLOGIC BALANCE---------- N	(BG) BACKFILL & GRADING---------- N	(EX) EXPLOSIVES--------- N
(PW) PROCESSING WASTE/TAILING---- N	(SF) PROCESSING FACILITIES------- N	(TS) TOPSOIL---------- Y
(MP) GENL MINE PLAN COMPLIANCE- Y	(FW) FISH & WILDLIFE---------- N	(RV) REVEGETATION---- N
(SM) SIGNS AND MARKERS---------- Y	(SP) STORM WATER MGT PLAN---- Y	(RS) RECL PLAN/COMP-- N
(ES) OVERBURDEN/DEV. WASTE--------- N	(SC) EROSION/SEDIMENTATION--- N	(ST) STIPULATIONS------- N
(AT) ACID OR TOXIC MATERIALS------- N	(OD) OFF-SITE DAMAGE----------N	

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

OBSERVATIONS

This inspection of the Phil Sheridan Lode (Permit No. M-1988-081) was conducted by Amy Eschberger of the Division of Reclamation, Mining and Safety (Division) at the request of the operator's daughter Janice Wheeler, to discuss final reclamation of the site. The operator was represented by Ms. Wheeler and Dennis Covey during the inspection. The operator, Harry Covey, passed away in late June of this year. Ms. Wheeler is working with our office to provide the necessary documents demonstrating Mr. Covey is deceased, and that she is the executor of his estate. Any questions regarding these documents should be forwarded to our bonding specialist, Sara Stevenson-Benn via telephone at 303-866-3567, ext. 8148, or via email at sara.stevenson-benn@state.co.us.

The site is located approximately 6 miles west of Boulder, CO in Boulder County. The site can be accessed by turning north off of Sunshine Canyon Road onto Co Rd 83, then turning west onto a private residential road. A permit identification sign is posted at the main site entrance and the permit boundary is delineated with wooden stakes. **Photos 1-14** taken during the inspection are included with this report.

This is a 110(1) underground operation permitted for 1.94 acres (see enclosed Google Earth images of site) to mine gold and silver. The affected lands are owned by the operator. The permit area is elongated in a northeast-southwest direction along the Phil Sheridan Lode claim. The main mining area disturbance is located at the northeastern (downgradient) end of the permit area, enclosed by chain-link and barbed wire fencing. According to the approved mining plan (see enclosed mining plan maps), this mining area would include the main shaft, an ore sorting area, an ore storage area, a waste rock dump area, a topsoil storage area, a shop/maintenance building, a powder storage building, and a detonator storage building. Per Technical Revision No. 1 (TR-1) approved in 1988, the operation was authorized to conduct small-scale crushing activities on site. The ore would be hauled off site for additional processing.

The approved post-mining land use for the site is residential. The reclamation plan calls for spreading out any waste rock stockpiles across the affected lands, grading all disturbed slopes to 3H:1V or flatter, retopsoiling disturbed areas at a depth of approximately 12 inches, and broadcast seeding these areas with a grass seed mixture consisting of Blue grama, Western wheatgrass, and Needle and thread. The existing roads will remain for continued access to the site. Per the initial approved permit, any permanent buildings, such as the shop and maintenance buildings and the cinder-block explosives storage buildings will remain for residential use. In Technical Revision No. 3 (TR-3) approved in 2015, the operator specified the wooden storage building and cinderblock storage unit with concrete floor will remain for residential storage. In TR-3, the operator also expressed a desire to keep the steel headframe intact as a historical landmark for the Sunshine mining community. However, the Division's approval of TR-3 did not include approval for the headframe to remain as it is not considered an historical structure. Additionally, the structure is not considered to be compatible with the residential post-mining land use. The approved reclamation plan calls for securing any mine openings in accordance with IMRP guidelines. The Phil Sheridan shaft (located at the northeastern end of the permit area) has already been secured in this manner. The Phil Sheridan Discovery Shaft (located at the southwestern end of the permit area) was apparently not used by the operation and backfilled many years ago.

The mining area is accessed through a gated entrance. The mining area (approximately 0.15 acre in size) currently includes the Phil Sheridan mine shaft enclosed by metal fencing, collared in a concrete slab, and capped and secured with a covered locking device, a steel headframe constructed above the shaft, a winch house constructed of corrugated metal located behind the shaft, a small shed constructed of particle board, and a small Tuff Shed. No ore or waste rock stockpiles remain in this area. A steep bank exists around the northern, western, and southern edges of the mining area. The western bank (behind the winch house) consists mainly of bedrock and is up to approximately 12-15 feet in height with near vertical to 1H:1V slopes. The winch house

sits on a concrete slab and includes a large steel winch and a hole in the bedrock that is approximately 12 feet deep. The back wall of the winch house is built into the bedrock with concrete blocks. For reclamation, the operator would need to remove the winch house, all components inside (including the winch), and the headframe, and either backfill or cap the hole inside the winch house.

Mr. Covey inquired about leaving the winch house for residential storage, as was approved for the other buildings present on site. The Division explained this could be proposed through a Technical Revision (form enclosed). However, the winch and headframe would still need to be removed for reclamation as they are considered strictly mining-related structures, and leaving them would not be consistent with the approved residential post-mining land use. In the Technical Revision, the operator should also address how the hole inside the winch house will be reclaimed, either backfilled or capped. Mr. Covey indicated they do have some steel that was cut for this opening some years ago. Therefore, they may propose to secure the opening with a steel cap. If the operator must import fill material from off-site (outside of the permit area) to fill the hole or for any other reclamation purposes, this proposal must also be submitted through the Technical Revision process. Such a proposal must address all applicable requirements of Rule 3.1.5(9), including a narrative describing the approximate location(s) of the proposed backfill activity, the approximate volume of material to be backfilled, a signed affidavit certifying the material is clean and inert, the approximate dates the proposed activity will commence and end, an explanation of how the backfilled site will result in a post-mining configuration that is compatible with the approved post-mining land use, and a general plan stating how the material will be placed and stabilized in a manner to avoid unacceptable settling and voids.

For reclamation, the steep slope banks in the mining area must be graded to 3H:1V and the disturbed area retopsoiled and revegetated. Mr. Covey inquired about revising the approved reclamation plan to leave some slopes steeper than 3H:1V, particularly those adjacent to the winch house. At this time, grading the slopes behind the winch house would require removal of the winch house and concrete blocks built into the bedrock behind the winch house, and possibly some blasting in order to lay back the steep bedrock slopes. If the operator proposes (in a Technical Revision) to keep the winch house for reclamation, this would greatly simplify the reclamation required in this area. If such a proposal is submitted, the operator would need to specify in the revised reclamation plan which portions of the slopes would remain steeper than 3H:1V and explain how leaving these steeper slopes would be consistent with the residential post-mining land use. Mr. Covey also inquired about revising the approved seed mixture for the site. This could be done through the same Technical Revision submittal.

On the hillside west of the mining area, accessed by a separate gated entrance, there are two small cinder-block sheds which were constructed to house the powder and blasting caps (in the larger shed) and the detonators (in the smaller shed). According to the operator, these sheds have been empty for many years. The permit file indicates the operator had the appropriate explosives permits in place during the 1990's when blasting was conducted on site. However, the explosives permits were not maintained after operations ceased, and the on-site storage of explosives was discontinued. Per the approved reclamation plan, these two buildings will remain for residential storage.

A leveled area approximately 0.1 acre in size exists on the hillside between the explosives storage area and the mining area where, according to the permit file, waste rock and/or development material had been stored at one time. This area will need to be graded, retopsoiled and seeded for reclamation. There is enough space available west/northwest of this area in order to cut the slope back to 3H:1V using the bank material as fill. The downgradient, bedrock portion of the slope may require some additional fill material in order to achieve a 3H:1V slope configuration. A grassed over topsoil stockpile is stored at the northeastern edge of the permit area, just outside of the fenced enclosure. The land underneath this stockpile would need to be ripped and revegetated after the topsoil is used for reclamation. Mr. Covey inquired about possibly importing some

additional growth medium to the site, if needed. This proposal could be included in the Technical Revision discussed above.

The Division last inspected this site on December 9, 2020 in response to a Temporary Cessation request submitted for a 2nd five-year term (TC-02). The Division informed the operator in its inspection report (dated December 22, 2020) the TC-02 request could not be approved (TC-02 was withdrawn that same date). This is because production at the site ceased in 1996, and thus, per Rule 1.13, the maximum 10 years allowed for Temporary Cessation would have ended in 2006. This means that due to the extended period of inactivity (25 years), the option to continue mining the site under the current permit has been forfeited, and the site must be reclaimed. The Division established the 5-year reclamation deadline [required by Rule 3.1.3(2)] from the date of its last inspection, meaning that all reclamation must be completed, and the permit terminated by December 9, 2025. Ms. Wheeler and Mr. Covey are working to complete final reclamation of the site over the upcoming months.

Ms. Wheeler inquired about what options are available in the event that a) another entity is interested in permitting the site, and/or b) the land is sold. While the current permit cannot be transferred, another entity could submit a new permit that covers all existing disturbances. In this case, once the new permit was issued, a full release request could be submitted for the Phil Sheridan Lode permit. It should be noted, a new permit application would most likely need to be for a Designated Mining Operation (discussed in more detail in the Division's December 22, 2020 inspection report). If the land is sold at any time prior to the current permit being released, an updated legal right of entry must be provided demonstrating the operator still has access to the site to complete reclamation.

In summary, the following options are available for the current permit:

- Reclaim the site in accordance with the approved reclamation plan, and then request full release.
- Revise the approved reclamation plan (e.g., Technical Revision), reclaim the site in accordance with the new approved plan, and then request full release.
- Another entity permits over the site, taking on all reclamation liability of existing disturbances, and then request full release.

According to the proposals discussed during the inspection, a Technical Revision may be submitted to include one or all of the following revisions to the approved reclamation plan:

- Leave winch house for residential storage (inside components including winch must be removed).
- Address reclamation of hole inside winch house (backfill or cap).
- Leave some portions of slopes in mine area steeper than 3H:1V (particularly adjacent to winch house).
- Import inert backfill material and/or additional growth medium for reclamation.
- Revise revegetation plan.

This Technical Revision must also include an updated reclamation plan map showing how all disturbed areas will be reclaimed (e.g., structures to remain, slope gradients, areas to be retopsoiled and revegetated).

This concludes the report.

Any questions or comments regarding this inspection report should be forwarded to Amy Eschberger at the Colorado Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, via telephone at 303-866-3567, ext. 8129, or via email at amy.eschberger@state.co.us.

PHOTOGRAPHS

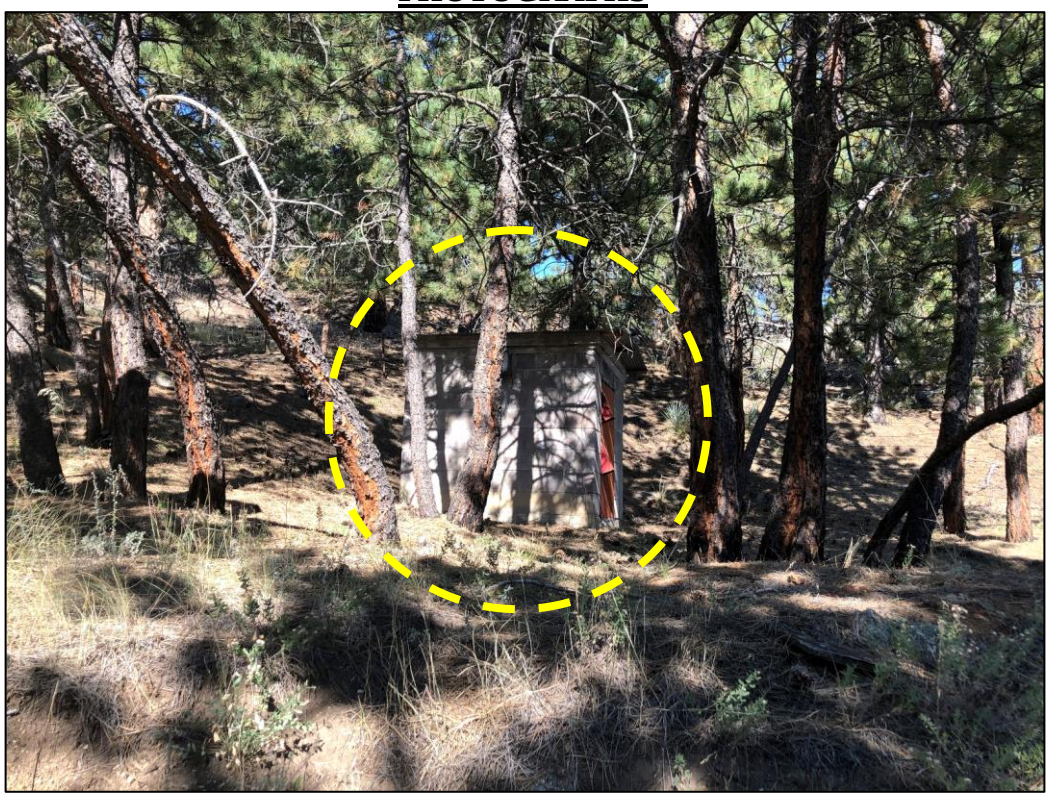


Photo 1. View looking north at (empty) powder storage building (circled) located W/NW of mining area. This building will remain for reclamation.

Photo 2. View looking north at (empty) detonator storage building (circled) located W/NW of mining area. This building will remain for reclamation.

Photo 3. View looking southwest across leveled area on hillside W/NW of mining area which was used for stockpile storage. This area must be graded to 3H:1V, retopsoiled, and revegetated for reclamation.

Photo 4. View looking southwest across steep slope behind winch house (roof of winch house visible at bottom, left). This slope must be graded to 3H:1V, unless reclamation plan is revised to leave winch house and steeper slopes in this area.

Photo 5. View looking southwest across mining area, showing winch house and headframe which must be removed, unless reclamation plan is revised to leave winch house (headframe must be removed). Steep slopes encircling this area must be graded to 3H:1V, and the area retopsoiled and revegetated for reclamation.

Photo 6. View looking southwest across southern slope of mining area. This slope must be graded to 3H:1V for reclamation. Steeper bedrock slopes behind winch house (at right) may remain if reclamation plan is revised to leave winch house and steeper slopes in this area.

Photo 7. View looking northwest at northern slope of mining area which must be graded to 3H:1V for reclamation.

Photo 8. View looking southwest across steep northern slope adjacent to winch house. This slope must be graded to 3H:1V for reclamation. Steeper bedrock slopes behind winch house may remain if reclamation plan is revised to leave winch house and steeper slopes in this area.

Photo 9. View of Phil Sheridan Shaft collared in concrete slab, and capped and secured by covered locking device. Shaft area is enclosed by metal fencing.

Photo 10. View inside winch house, showing hole in bedrock which must be capped or backfilled for reclamation.

Photo 11. View inside winch house, showing concrete wall built into bedrock which would need to be demolished and removed from site unless reclamation plan is revised to leave winch house. Hole inside building (at bottom right) must be capped or backfilled for reclamation.

Photo 12. View inside winch house, showing mine winch (at bottom, center) that must be removed from site for reclamation, even if reclamation plan is revised to leave winch house.

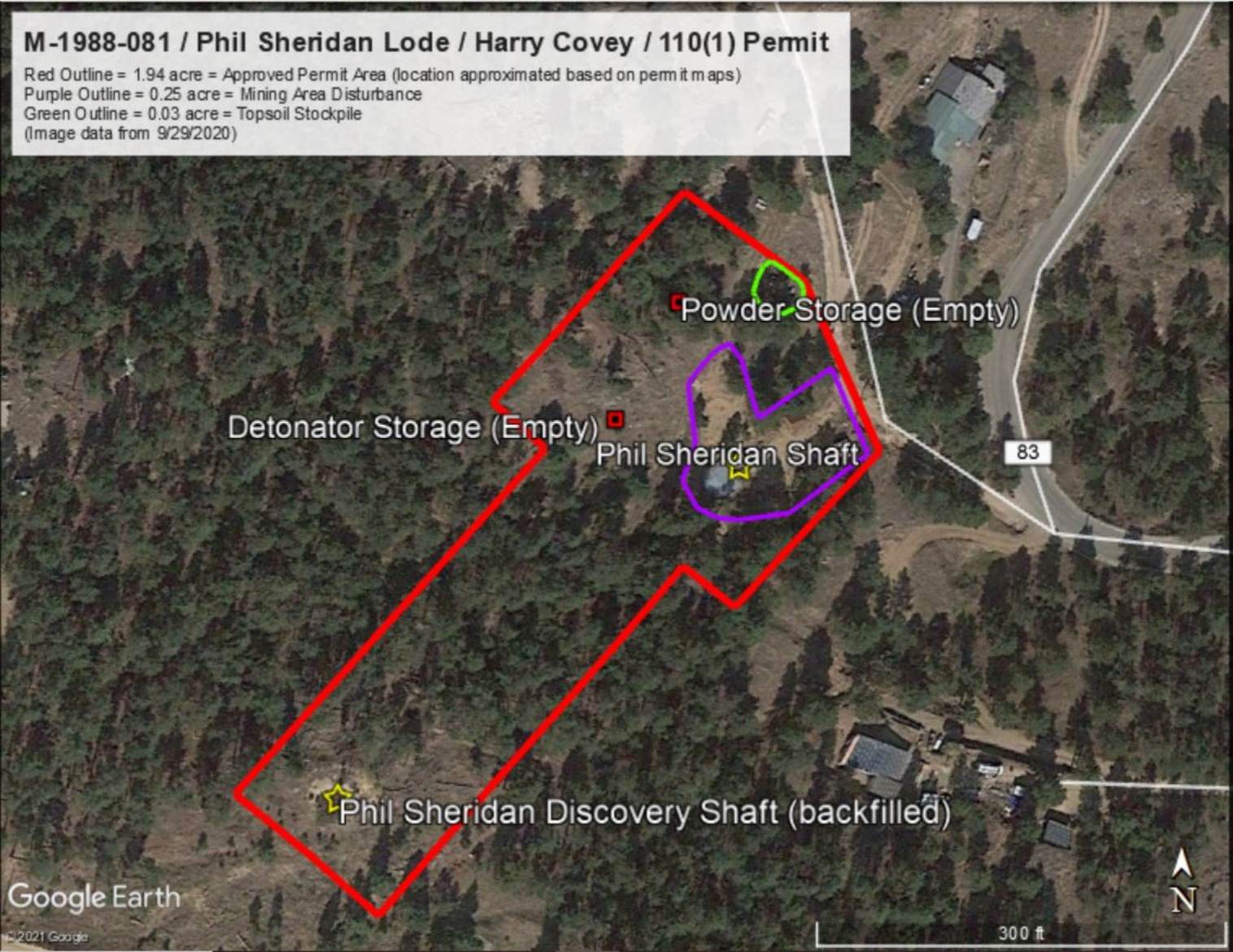
Photo 13. View looking northeast across eastern portion of mining area, showing access gate (at center), small particle board shed (at left), and Tuff Shed (at right) which will remain for reclamation. This area must be retopsoiled and revegetated for reclamation.

Photo 14. View looking northwest at grassed over topsoil stockpile (indicated) stored at northeastern edge of permit area. After this material is used for reclamation, the area underneath would need to be ripped and revegetated.

Inspection Contact Address
Janice Wheeler via email at: Janice.wheeler479@gmail.com

Encl: Google Earth images of site (2)
Approved mining plan maps (2)
Technical Revision form

CC: Michael Cunningham, DRMS


M-1988-081 / Phil Sheridan Lode / Harry Covey / 110(1) Permit
Red Outline = 1.94 acre = Approved Permit Area (location approximated based on permit maps)
Purple Outline = 0.25 acre = Mining Area Disturbance
Green Outline = 0.03 acre = Topsoil Stockpile
(Image data from 9/29/2020)
Powder Storage (Empty)
Detonator Storage (Empty)
Phil Sheridan Shaft
83
Phil Sheridan Discovery Shaft (backfilled)
Google Earth
©2021 Google
N
300 ft

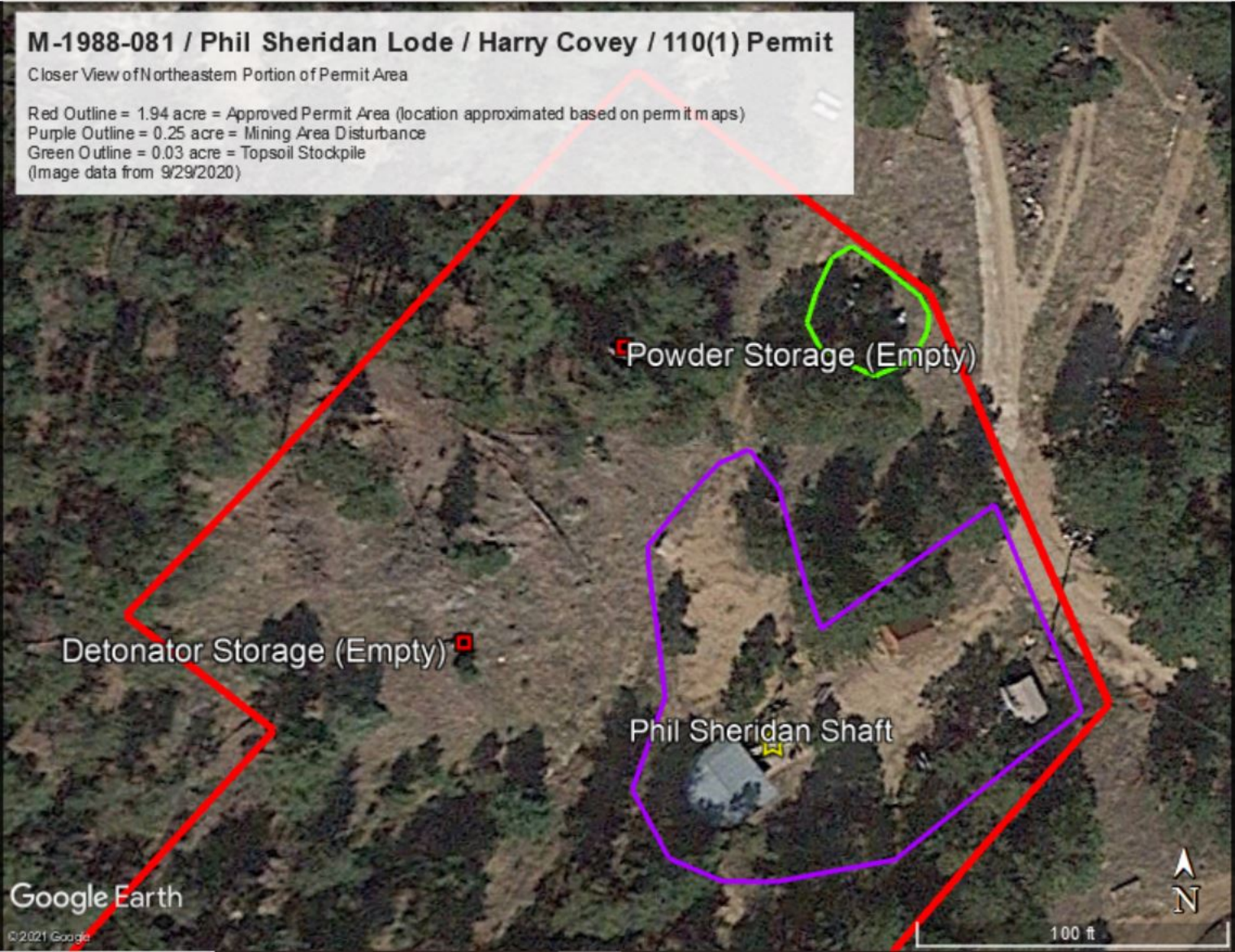

M-1988-081 / Phil Sheridan Lode / Harry Covey / 110(1) Permit
Closer View of Northeastern Portion of Permit Area
Red Outline = 1.94 acre = Approved Permit Area (location approximated based on permit maps)
Purple Outline = 0.25 acre = Mining Area Disturbance
Green Outline = 0.03 acre = Topsoil Stockpile
(Image data from 9/29/2020)
Powder Storage (Empty)
Detonator Storage (Empty)
Phil Sheridan Shaft
Google Earth
© 2021 Google
N
100 ft

EXHIBIT C PART A

Affected area = 1.94 Acres

SCALE 1" = 100'

Green Boundary - Area owned by Applicant
Red Boundary - Area of Permit Application

N

Colonel Sellers Lode
5820

Lot 153

Denver
11279

351

Phil Sheridan Lode
614.00'

N00°05'W
614.00'

Overhead Telephone Cable
N 39°36' E 744.03'

SEE EXHIBIT C PART B

1440.04'

Phil Sheridan
Discovery Shaft

Security Fence

Washburn
11804
Lode

Detonator Storage

Powder Storage

Owner's House

Well

Ore Sorting Area

Ore Storage

Dump

Portal

Shop Cabin

Water Pipeline

Telephone Cable

House #7

130.27'

Private Driveway

600.00'

201.42'

Red Bird
546

Found Rock Corners in Place
Set 5/8" Steel Pins
Observation
Bearings based on
Line 3-4 Washburn No 2

Wash Burn Lode #2

House

600.00'

10.00' offset

S 89°00' W 201.42'

N 40°52' E 1432.85'

Boulder County Road No 83
Road to Sunshine from
County Road No. 52

Denver Lode
11279

246.40'

79.59'

S 40°52' W

514.34'

11804

11804

Center
Sec 8
Brass Cap

Golden Sheen Lode
5827

N 89°00' E
201.42'

S 89°00' W
201.42'

1

2

3

4

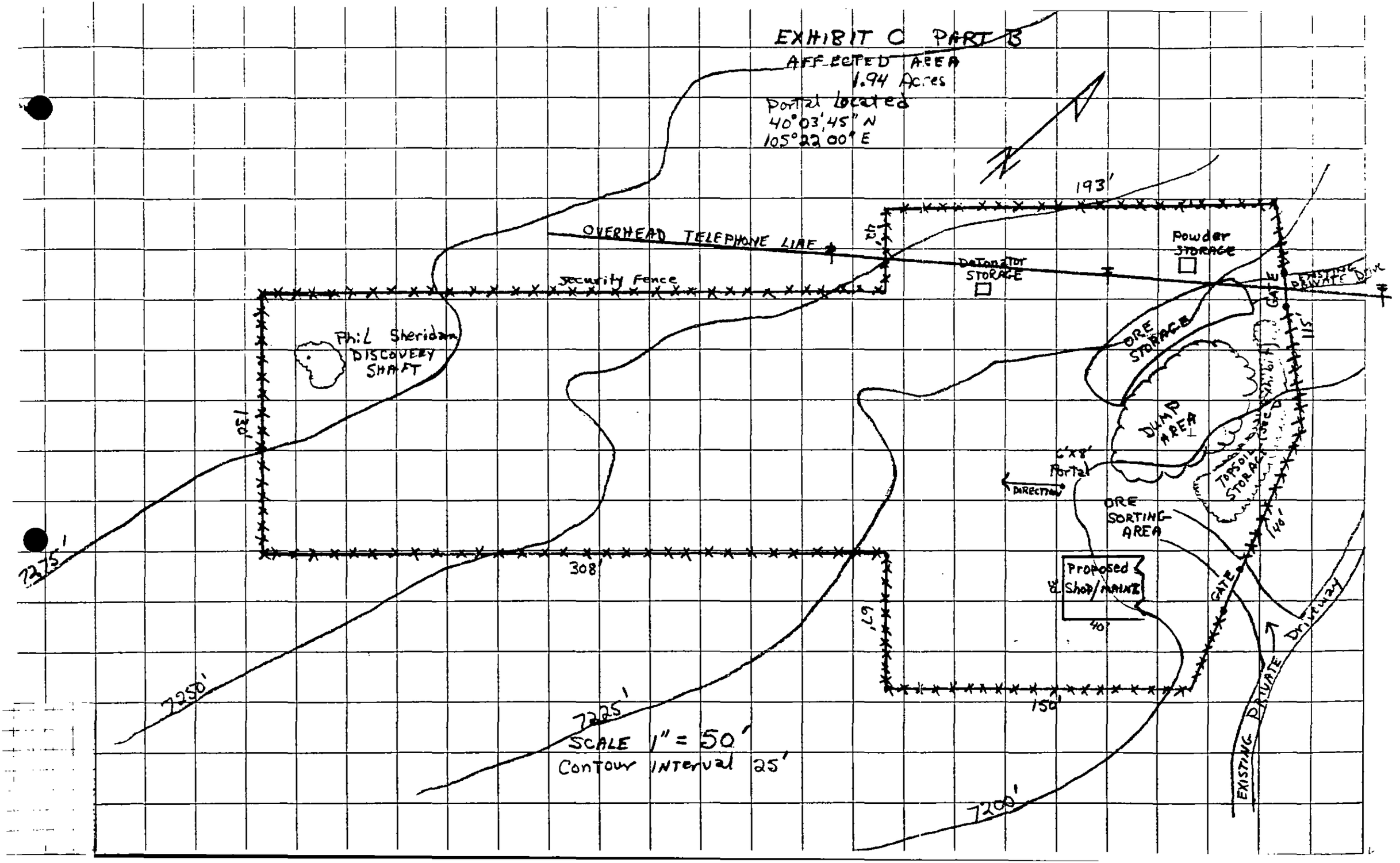


EXHIBIT C PART B
AFFECTED AREA
1.94 Acres
Portal located
40°03'45" N
105°22'00" E
193'
OVERHEAD TELEPHONE LINE
Security Fence
Powder STORAGE
Detonator STORAGE
EXISTING PRIVATE DRIVE
GATE
115'
ORE STORAGE
Phil Sheridan DISCOVERY SHAFT
105'
DUMP AREA
6'x8' Portal
DIRECTION
TOPSOIL STORAGE
ORE SORTING AREA
140'
Proposed Shop/MAINT
40'
308'
67'
150'
GATE
EXISTING PRIVATE DRIVEWAY
7275'
7250'
7225'
7200'
SCALE 1" = 50'
Contour INTERVAL 25'

COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
1313 Sherman Street, Room 215, Denver, Colorado 80203 ph(303) 866-3567

REQUEST FOR TECHNICAL REVISION (TR) COVER SHEET

File No.: M- _____ Site Name: _____

County _____ TR# _____ *(DRMS Use only)*

Permittee: _____

Operator (If Other than Permittee): _____

Permittee Representative: _____

Please provide a brief description of the proposed revision: _____

_____

_____

As defined by the Minerals Rules, a Technical Revision (TR) is: "a change in the permit or application which does not have more than a minor effect upon the approved or proposed Reclamation or Environmental Protection Plan." The Division is charged with determining if the revision as submitted meets this definition. If the Division determines that the proposed revision is beyond the scope of a TR, the Division may require the submittal of a permit amendment to make the required or desired changes to the permit.

The request for a TR is not considered "filed for review" until the appropriate fee is received by the Division (as listed below by permit type). Please submit the appropriate fee with your request to expedite the review process. After the TR is submitted with the appropriate fee, the Division will determine if it is approvable within 30 days. If the Division requires additional information to approve a TR, you will be notified of specific deficiencies that will need to be addressed. If at the end of the 30 day review period there are still outstanding deficiencies, the Division must deny the TR unless the permittee requests additional time, in writing, to provide the required information.

There is no pre-defined format for the submittal of a TR; however, it is up to the permittee to provide sufficient information to the Division to approve the TR request, including updated mining and reclamation plan maps that accurately depict the changes proposed in the requested TR.

Required Fees for Technical Revision by Permit Type - Please mark the correct fee and submit it with your request for a Technical Revision.

Permit Type	**Required TR Fee**	**Submitted** (mark only one)
110c, 111, 112 construction materials, and 112 quarries	$216	☐
112 hard rock (not DMO)	$175	☐
110d, 112d(1, 2 or 3)	$1006	☐