




**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> Revenue Mine	<b>MINE/PROSPECTING ID#:</b> M-2012-032	<b>MINERAL:</b> Lead, silver and gold	<b>COUNTY:</b> Ouray
<b>INSPECTION TYPE:</b> Multi Person Inspection	<b>INSPECTOR(S):</b> Amy Yeldell	<b>INSP. DATE:</b> August 31, 2021	<b>INSP. TIME:</b> 10:00
<b>OPERATOR:</b> Ouray Silver Mines Inc.	<b>OPERATOR REPRESENTATIVE:</b>	<b>TYPE OF OPERATION:</b> 112d-1 - Designated Mining Operation	
<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$476,269.41	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> DRMS	
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> October 1, 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----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</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>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	

Y = Inspected / 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 Colorado Division of Reclamation, Mining, and Safety (Division) normal monitoring program and will serve as a quarterly inspection. The Revenue Mine is an active 112d(1) underground operation that includes a total of 50.3 permitted acres. The site is located approximately five miles southwest of Ouray, Colorado in Ouray County. It is accessed from Ouray County Road 26 and the main mine site is located at approximately 10,600 feet in Elevation. Jesse Todd represented the operator and accompanied Lucas West and Amy Yeldell of the Division on the inspection.

First the Division inspected the secondary escape/raise bore area. Since previous inspections significant progress has been made towards completion of the refuge chamber. The sea cans have been covered with earthen material. The inside of the sea cans were observed, the roof of the sea cans are slightly collapsed and are resting on the interior structural supports. If additional settling occurs more supports may be necessary. Staff was able to observe that the buried refuge chamber has been connected to the Monongahela raised bore.

Contractors were on site working on rehabbing the raise bore. In the near future the lifting system will be modified to be internally driven and not dependent on the hoist house. The lifting system was described as having a larger capacity (more people). Open communication is encouraged as improvements continue to ensure that any necessary permitting changes are completed. While at the raise bore, the revised permit boundary to be submitted under AM-2 was extensively discussed. Staff provided input regarding the interaction between DRMS permitted areas and adjacent AML projects. Concerns regarding stormwater run-on and run-off were brainstormed. Lastly Division staff took drone footage of the raise bore and adjacent areas.

Next the Atlas tailing storage facility (TSF) was observed. The culvert to cross Sneffels creek has been installed. No other work to the Atlas TSF has been completed to date. Drone footage of this area was also obtained.

To finish off staff moved to main the Revenue mine site. As Revenue moves forward with commissioning of the mill a large amount of waste rock has been generated. There are several stockpiles located on the surface and storage room is limited. It was indicated that OSMI is crushing the majority of the waste rock generated at this time for Ouray County to use on roads. The expanded train shed appears to be nearly completed. The area proposed to be used for the equipment wash area (TR-16) was observed and briefly discussed. The Division was able to see the area for temporary office trailers proposed under TR-16. "Connex City" is in the process of being removed. During the inspection only 3 connexs remain and according to Mr. Jesse the remaining connexs were slated to be removed in the next 2 weeks. All items within the waste storage shed were well organized and contained within proper secondary containment.

Construction on the new reagent room (TR-14) was well under way. Cement forms of the floor were being constructed. No EPF related observations were made as part of this inspection. Staff conducted a quick inspection of the mill that is under construction (TR-15). OSMI staff walked the Division through all of the equipment and piping installed to date. This was not a formal EPF inspection of the mill under TR-15, it was purely educational. Division staff was invited to partake in the commissioning process once mill construction is completed.

The Revenue TSF area was inspected. The area in which the tailings generated during the mill commissioning has been completed. The constructed facility appears to meet the specification of TR-15 and is ready to accept tailings as commissioning activities allow. The Revenue TSF as a greater whole will require additional work before it can start accepting tailings in large quantities. Much of the area is being utilized to store additional

waste rock and excess equipment/supplies.

Adjacent to the water treatment ponds a split rail fence has been constructed. The areas around the ponds now have crushed waste rock and overall appear more visually appealing. The rock berm within pond one has been reworked. The fence similar to the security shed at the entrance to the site are in an effort to keep the public out of the active mine site. Some vegetation is beginning to establish on the rocked slopes around the ponds though spars.

The Division currently holds \$476,269.41 in Financial Warranty for the site. The bond was not updated as part of this inspection. At the time of this inspection TR-16 was still under review, a reclamation cost update was performed in conjunction with the revision. The revision has since been approved and resulted in a bond increased, for a total amount of to \$517,219 to be held and is currently awaiting warranty. TR-12 was also under review and has since been approved. There are currently no other open revision for this site. An amendment will be submitted prior to February 17, 2022 as per MV-2021-015.

No problems or violations were noted during this inspection.

Responses to this inspection report should be directed to Amy Yeldell at the Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. Direct contact can be made by phone at 970-254-8511 or via email at amy.yeldell@state.co.us

**Inspection Contact Address**

Ouray Silver Mines Inc.  
P.O. Box 564  
Ouray, CO 81427

CC:

Cc: Travis Marshall, Senior Environmental Protection Specialist  
Lucas West, Environmental Protection Specialist



**PHOTOGRAPHS**



Photo 1: overview of the raise bore

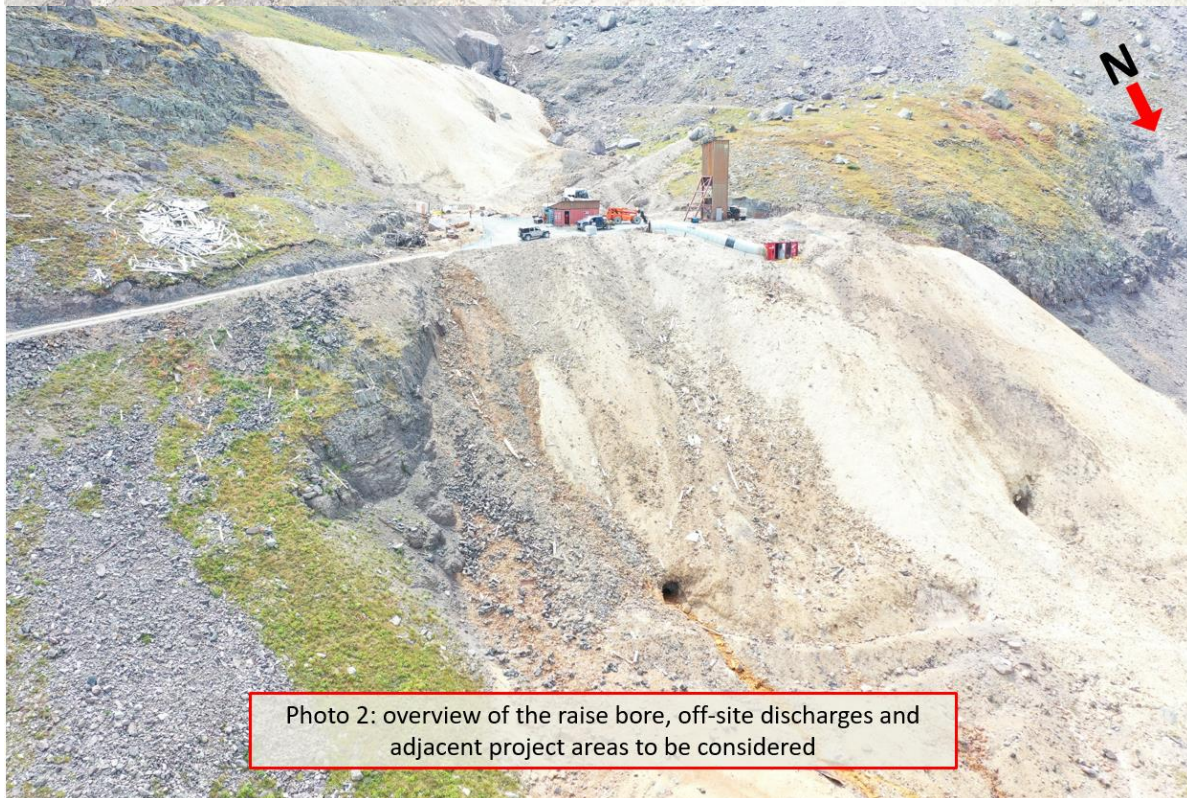
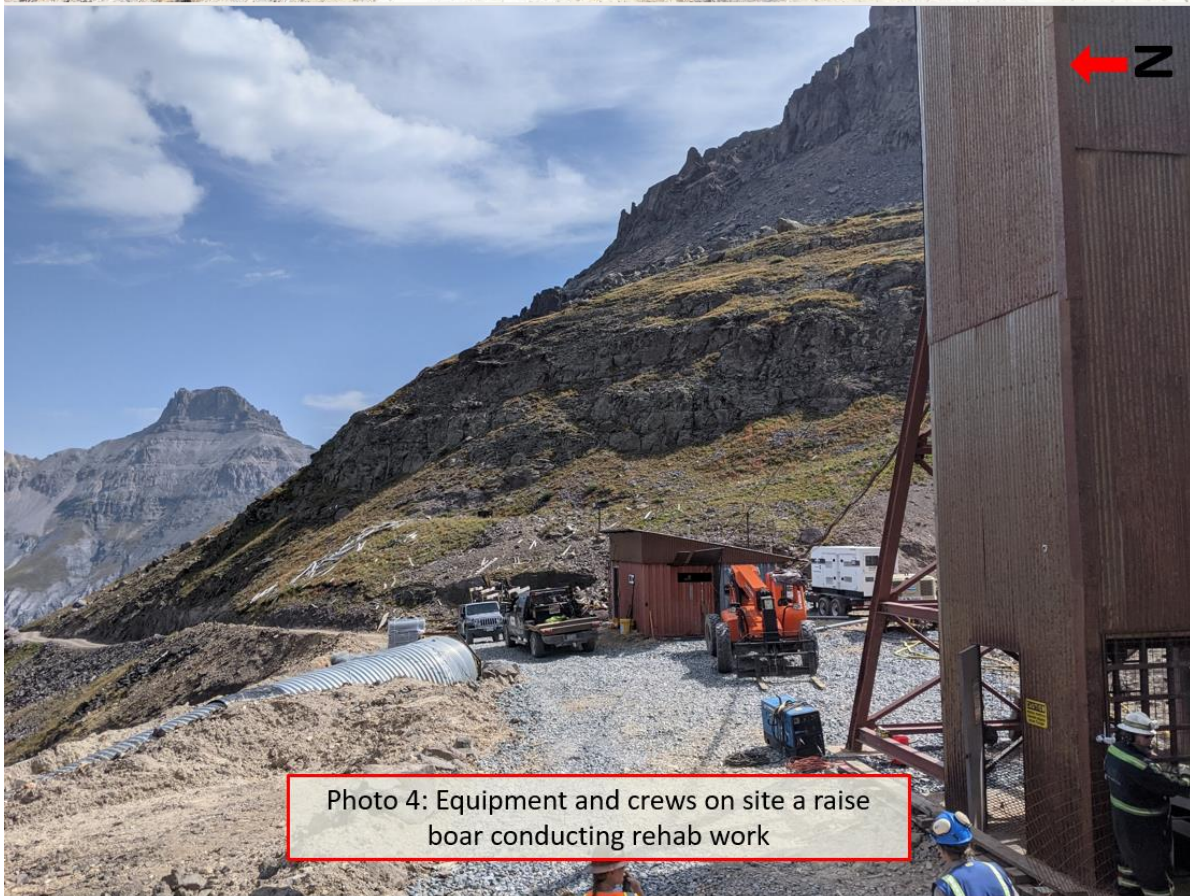


Photo 2: overview of the raise bore, off-site discharges and adjacent project areas to be considered







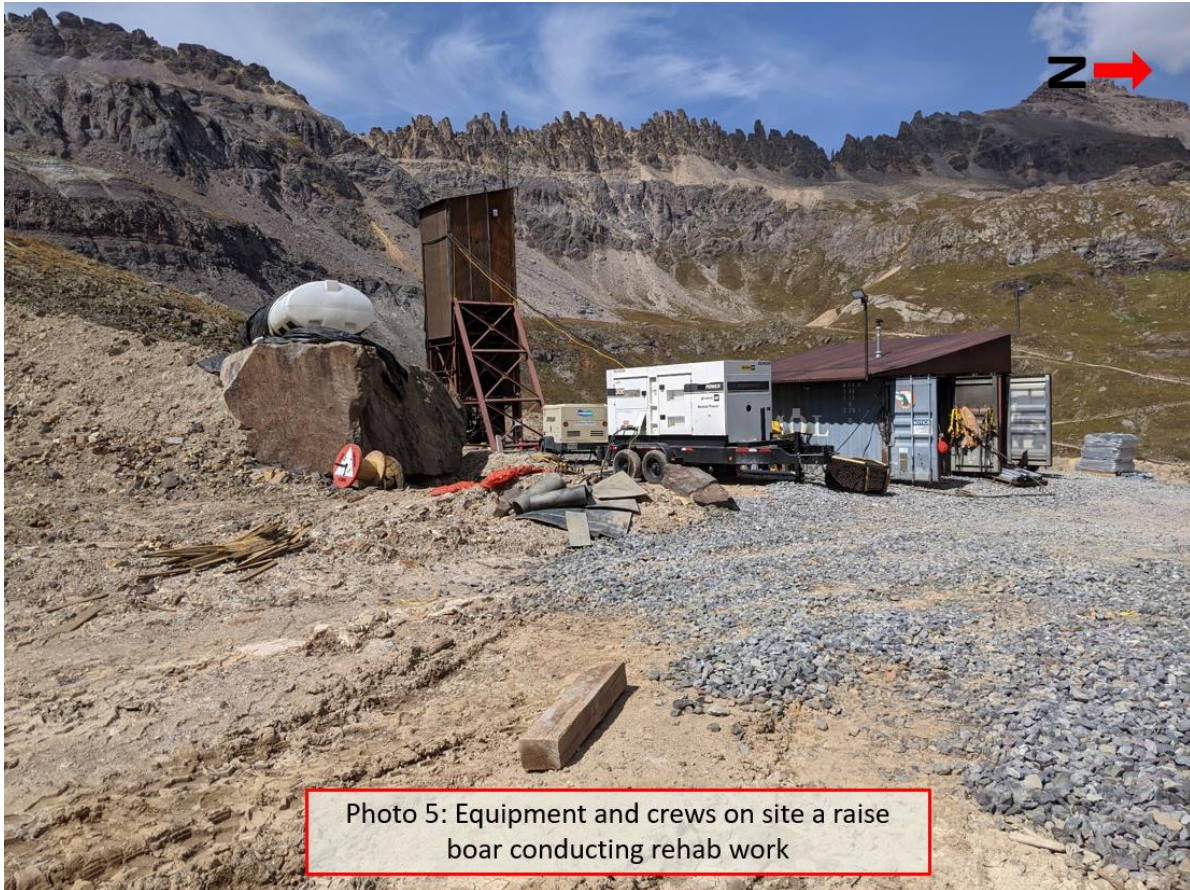


Photo 5: Equipment and crews on site a raise boar conducting rehab work



Photo 6: connection between the refuge chamber to the raise bore





Photo 7: Culvert to cross Sneffels Creek to Atlas TSF

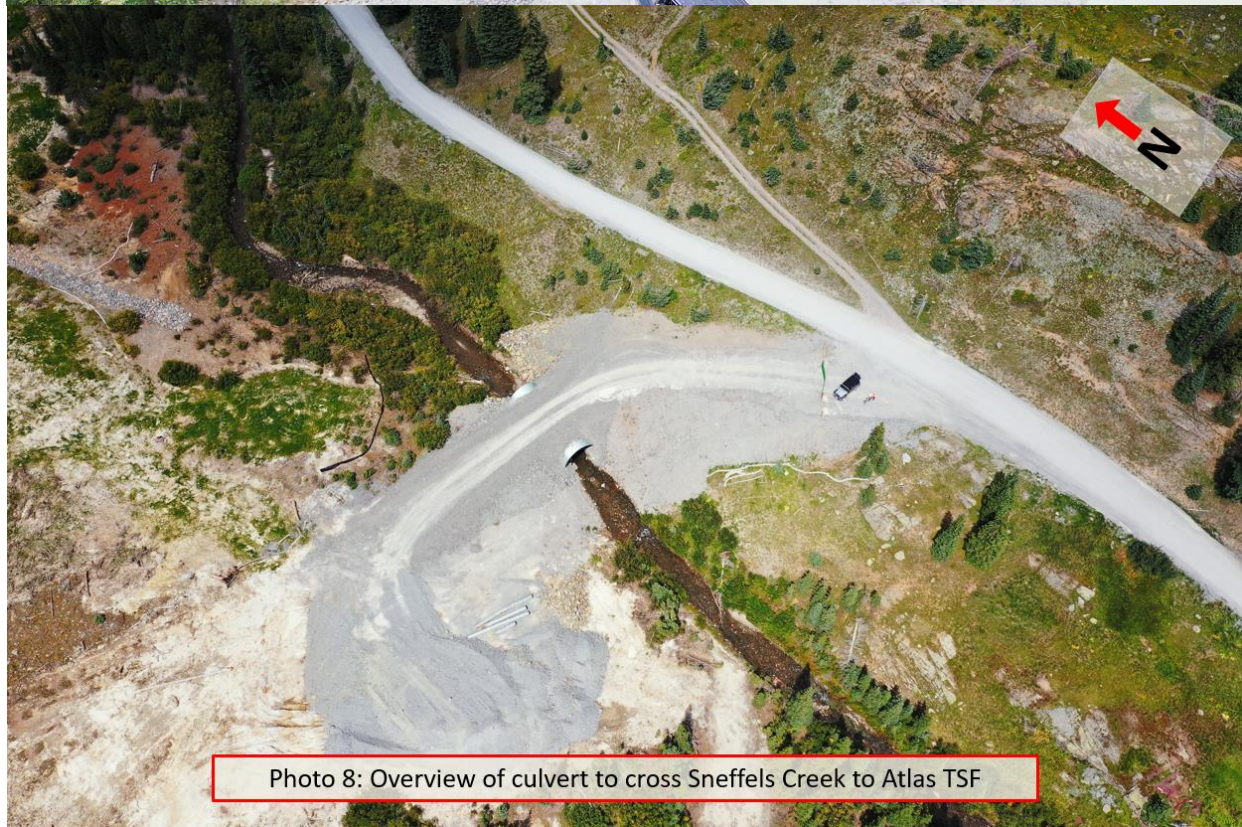


Photo 8: Overview of culvert to cross Sneffels Creek to Atlas TSF





Photo 9: Ongoing work to construct the reagent room



Photo 10: Remaining connex's





Photo 11: Neatly stored materials in secondary containment



Photo 12: Site overview





Photo 13: TSF for commissioning tailings

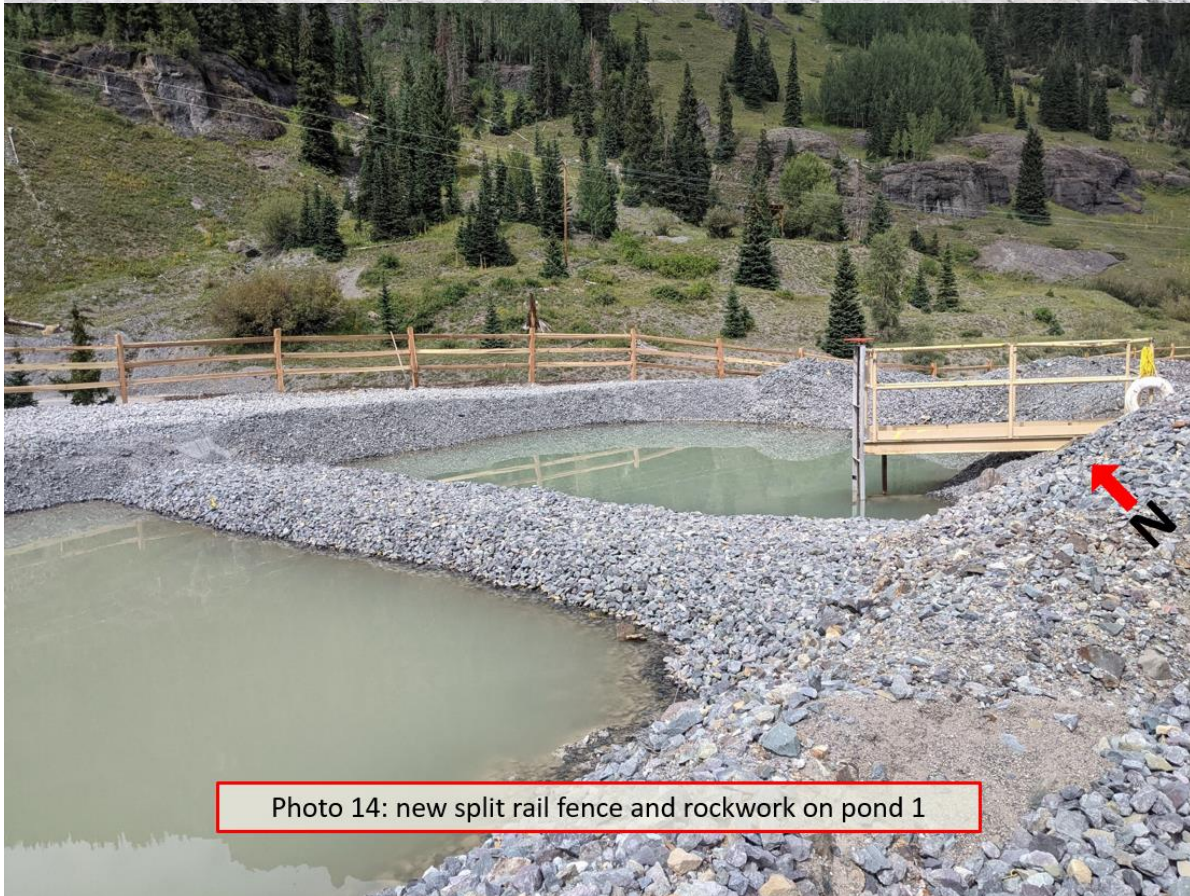


Photo 14: new split rail fence and rockwork on pond 1



