



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: Schwartzwalder Mine	MINE/PROSPECTING ID#: M-1977-300	MINERAL: Uranium	COUNTY: Jefferson
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: June 8, 2023	INSP. TIME: 08:30
OPERATOR: Colorado Legacy Land, LLC	OPERATOR REPRESENTATIVE: Jim Harrington, Billy Ray	TYPE OF OPERATION: 112d-2 - Designated Mining Operation	

REASON FOR INSPECTION: High Priority	BOND CALCULATION TYPE: None	BOND AMOUNT: \$7,674,022.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
INSPECTOR(S): Michael Cunningham	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 12, 2023

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Right of Entry

PROBLEM/POSSIBLE VIOLATION: Problem: Failure to maintain legal right of entry per Rule 6.3.7.

CORRECTIVE ACTIONS: The permittee/operator must provide proof of legal right to enter and conduct mining and reclamation operations for all portions of the mine.

CORRECTIVE ACTION DUE DATE: 8/01/23

OBSERVATIONS

This was a normal monitoring inspection of the Schwartzwalder Mine (Permit No. M-1977-300) conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). The Operator was represented by Jim Harrington during the inspection. This inspection serves as the 2nd quarter inspection for 2023.

As discussed in the 1st quarter inspection report, Colorado Legacy Land (CLL) had previously informed the Division that it would not be able to fulfill its obligations under the Permit to operate the on-site water treatment facility at the Schwartzwalder Mine due to financial circumstances and lack of funds. On May 19, 2023, the Division, CLL and the Hanover Insurance Company signed a Memorandum of Understanding (MOU) which provided a pathway to secure funds to operate the water treatment plant for the 2023 season. Per the MOU, CLL will contract with Ensero Solutions to complete the scope of work for the not-to-exceed price of \$400,000.00. The scope of work includes up to six months of water treatment, water treatment plant discharge monitoring, and Ralston Creek stream monitoring. The mine pool will be drawn down from May through October, or to the point when the mine pool is drawn down to a depth where the pump no longer draws water (~450 feet below Steve Level), whichever comes first. The MOU also addressed the completion of surface reclamation, which will be pursued in the event that CLL secures additional funding. As a result of these changes, the Division will modify the inspection frequency to monthly for the duration of this treatment season.

On June 5, 2023, Ensero staff returned to the Schwartzwalder Mine activate the water treatment plant. During the initial startup of the water treatment plant, the Operator discovered a faulty seal on the backfill slurry pump. The backfill slurry pump is an integral part of the treatment system and needs to be repaired before the water treatment plant can operate. The Operator estimates it will take several days to source the part and complete the repair, at which point the water treatment plant will be operational. In addition, the Operator found that the mine pool transducer was no longer operational. As a result, the elevation of the mine pool could not be accurately determined at the time of the inspection. The Operator is utilizing a nearby groundwater monitoring well (MW-18) to estimate the approximate elevation of the mine pool, which was estimated to be 120' to 160' below Steve Level. The mine pool transducer is a critical aspect of treating water at the Schwartzwalder mine and is used to ensure the mine pool is maintained at or below the regulatory limit of 150' below Steve Level. Additionally, the level of the mine pool must be determined at the end of the treatment season to in order to assess how long the water treatment plant may remain idle. The Operator is exploring ways to install a new transducer through the Jeffery airshaft, which is preferred over sending personnel underground. During the review of Amendment No. 6, the Division expressed concerns about the lack of redundancy for this critical piece of equipment. While exploring solutions to replace the transducer, the Operator should consider redundancies and back-up procedures to ensure this situation does not occur in the future. Lastly, the second reverse osmosis (RO) motor is in need of repair. However, only one RO unit is needed when the water treatment plant is operational.

During the inspection, the Division observed that Ralston Creek was overtopping the access road where it crosses the creek on the south side of the north waste rock pile. According to the Operator, the creek flows were contained to the bypass pipeline the day before the inspection. However, there was a spike in flows overnight which caused the water level to quickly rise and overtop the road. The Operator opened the gate at the cutoff wall and the creek flows receded and were routed through the culverts beneath the access road; no

damage was observed on the access road. Both the north and south waste rock piles were inspected and were found to be in good shape. The diversion channel on the north waste rock piles was free of debris and was functioning properly.

As noted in the previous inspection report, the Hazardous Materials and Waste Management Division (HMWMD) found the Operator was not in compliance with certain aspects of the Colorado Radioactive Materials License No. CO 369-06. Following the issuance of a Notice of Apparent Violation on February 21, 2023, the Operator received approval from the HMWMD to operate under their license. The approval allows for the continued disposal of RO reject water into the mine pool. However, the Operator will no longer be able to store RO membranes and filters in the underground portion of the mine. Those materials must be disposed of at off-site facilities authorized to accept such wastes until an alternative disposal method has been approved.

The excavation of waste rock from the valley floor ceased last year and there are several large excavated areas on the south side of Ralston Creek which have not yet been reclaimed. As noted above, if the Operator is able to secure funding, removal of the remaining waste rock will resume. The remaining areas to be excavated are primarily under the existing access road that runs parallel to Ralston Creek and adjacent to the by-pass pipeline. During the inspection, the Division observed that the excavated areas were full of water. However, none of the pits were discharging water to Ralston Creek. The excavated areas had been filled by direct precipitation and runoff from upland areas. In addition, the Division observed that water was expressing outside of the creek channel near the eastern edge of the south waste rock pile. The Division has not previously observed this expression of groundwater outside of the main channel. The Division believes this is due to saturated conditions within the alluvium and an above average amount of water moving through Ralston Creek. It is believed that these flows will dry up later in the season. However, it highlights the need for additional designs for the final configuration of the alluvial valley and the channel of Ralston Creek. The Operator informed the Division that the captured water will be pumped to the water treatment plant before discharging it back to Ralston Creek.

During the inspection, the Operator informed the Division that portions of the permitted area had undergone a change in ownership due to the sale of land. Pursuant to Rule 6.4.14, the Operator is required to maintain a valid legal right of entry for all areas within the permit. This matter has been cited as a problem and will require corrective action; please see the first page of this report for additional details.

This concluded the inspection.

PHOTOGRAPHS



1. Ralston Creek overtopping access road.



2. Ralston Creek, below north waste rock pile.



3. Surface and groundwater captured in excavated areas.



4. Stormwater diversion channel - at north waste rock pile.

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</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>N</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>Y</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>Y</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

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

Inspection Contact Address

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