




**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> Monitoring	<b>WEATHER:</b> Clear	<b>INSP. DATE:</b> November 1, 2023	<b>INSP. TIME:</b> 10:30
<b>OPERATOR:</b> Ouray Silver Mines Inc.	<b>OPERATOR REPRESENTATIVE:</b> CJ Dickerson	<b>TYPE OF OPERATION:</b> 112d-1 - Designated Mining Operation	
<b>REASON FOR INSPECTION:</b> Priority	<b>BOND CALCULATION TYPE:</b> None	<b>BOND AMOUNT:</b> \$0.00	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> DRMS	<b>JOINT INSP. AGENCY:</b> None	
<b>INSPECTOR(S):</b> Amy Yeldell	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> November 14, 2023	

**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>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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>Y</u>	(RS) RECL PLAN/COMP-- <u>NA</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>NA</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. The Revenue Mine is a 112d (1) underground operation located approximately 5 miles southwest of Ouray, Colorado and is accessed from Ouray County Road 26 at nearly 10,600 Feet in Elevation. Public Access to the site is controlled by a locked gate at the entrance to the site. CJ Dickerson represented Ouray Silver Mines, Inc. (OSMI) and accompanied Amy Yeldell of the Division on the inspection. The Division currently holds \$517,219.00 in Financial Warranty for the site. The Reclamation Cost Estimate was not updated as a result of this inspection.

Prior to heading up to the site the Division met with Chris Skerik of FAFO Holdings LLC. The entirety of the Revenue site, including equipment and land holdings was acquired by FAFO Holdings, LLC in August. Mr. Skerik asked clarifying questions regarding the Succession of Operator and Transfer of Minerals Permit process as well as other hypothetical permitting actions. At the time of the inspection SO-3 was incomplete. The Division denied the SO-3 request on November 9, 2023. OSMI remains the current permittee.

The site was inactive at the time of the inspection and remains in temporary cessation (TC-1). The period of Temporary Cessation began on August 16, 2022 and will expire on August 16, 2027. In order to resume production under the currently approved plan several action items from AM-2 must be completed. Specifically, installation of the down gradient monitoring wells, installation of the sediment pond, and completion of EPF construction, certification, testing and water characterization under TR-14 and TR-15.

Next Division staff headed up to the mine site. Proper mine identification signage was observed at the entrance to the mine site. The inspection focused on the main portal area and the Revenue TSF. Underground mine workings were not inspected. Snow has already been received at the mine. There was approximately 6 inches of snow from a storm earlier in the week. Portions of the mine site had been plowed. The Division did not attempt to access the Hubb-Reed Raise Bore Area.

In order to install the sediment pond the security shed will need to be moved. Mr. Dickerson was unsure if they will move and reuse the building or completely remove it from site (Photo One). Currently the Operator is trying to coordinate with the engineer who designed the pond to be available to assist with construction and certification of the sediment pond. No work related to this project was observed.

There is a new path dozed down to the east from the security shed towards Sneffels Creek (Photo Two). This access road was installed in preparation for installation of the groundwater monitoring wells required under AM-2. This area has previously been affected so no topsoil was stripped. The area was bladed flat into a small switch back access road (Photo Three). Given the condition of CR 26, Mr. Dickerson was unsure if they could get a drill rig to the site before winter sets in. A safety berm was replaced along the road to the proposed well bores until needed for access.

The main portal area was in excellent condition and free from excessive trash and debris (Photo Four and Five). All storm water controls, diversion structures and avalanche deflection structures were observed to be in good condition. No evidence of significant erosion or sedimentation was noted. The out slopes of the pad area and access road appeared stable, and no signs of slumping or failure were observed.

All water treatment ponds appeared to be in good shape. The ponds were beginning to freeze over with the outlet/inlet structures mostly open water. The baffles (floating curtain) in pond #1 remain in working order (Photo Six). No apparent failures to the passive water treatment system were observed.

All heavy equipment remains on site and primarily stored on the Revenue TSF. A few pieces of rented equipment have been mobilized to assist in maintaining the site while in TC. Generally, only one person is on site working to keep up on misc. maintenance items. All oil, fuel and other hydrocarbons were neatly stored in various secondary containments throughout the mine site (Photos Seven and Nine). All the buildings appeared to be neat and well organized. Buildings appear to be in a similar condition to previous inspections when the site was active (Photos Eight and Ten).

The partially constructed reagent room (TR-14) has been more securely boarded up for the winter. Previously the building had been 'dried in' with tarps when construction abruptly stopped. It's noted that some metal is bent from snow sliding off the roofs.

No problems or possible violations were documented during this inspection.

All responses to this report should be directed to Amy Yeldell at the Colorado Division of Reclamation, Mining and Safety, Rm 215, 1001 E 62nd Ave, Denver CO 80216, by phone at 303-866-3567 Ext. 8183 or by email at amy.yeldell@state.co.us.

**Inspection Contact Address**

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## PHOTOGRAPHS







Photo 3: New access road to proposed groundwater monitoring wells



Photo 4: Overview of portal areas





Photo 5: Overview of portal areas



Photo 6: Functional mine pond #1





Photo 7: Hydrocarbons properly stored in secondary containment



Photo 8: Neatly organized underground shop





Photo 9: Proper use of secondary containment.



Photo 10: Neatly organized material storage building.