



STATE OF
COLORADO

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M2009076 Hukill Gulch Millsite

1 message

Gagnon - DNR, Nikie <nikie.gagnon@state.co.us>

Fri, Oct 18, 2024 at 2:19 PM

To: PATRICK MAHER <mptmaher@msn.com>, Mason Drake <mason.drake@venturegoldusa.com>

Hello.

Please see the attached inspection report for the Hukill Gulch Millsite. There are five issues cited in the report that require action. The most critical issue relates to the ongoing inactivity at the site. You will need to file a Notice of Temporary Cessation or start reclamation by November 18, 2024.

Feel free to contact me if you have any questions on the inspection report or the issues cited.

Kind regards,

Nikie Gagnon
Environmental Protection Specialist



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

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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: Hukill Gulch Millsite	MINE/PROSPECTING ID#: M-2009-076	MINERAL: Silver and gold	COUNTY: Clear Creek
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: September 13, 2024	INSP. TIME: 10:00
OPERATOR: Venture Resources, Inc.	OPERATOR REPRESENTATIVE: Mason Drake	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$107,742.72
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
INSPECTOR(S): Nikie Gagnon	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 18, 2024

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: Gen. Compliance With Mine Plan

PROBLEM 1: According to Division records, the Hukill Mill was last operational in 2019 and no mining activity or production has occurred since. Rule 1.13.5 states, if an Operator temporarily ceases production of the mining operation for one hundred eighty (180) days or more, the Operator must file a Notice of Temporary Cessation in writing to the Office.

CORRECTIVE ACTIONS: Given production ceased approximately five years ago, the Operator must file for a second period of Temporary Cessation per Rule 1.13.5(3) and 1.13.9(b), or begin reclamation. If the latter option is chosen, please provide the Division with a Technical Revision that will update the timeline for reclamation by the corrective action date.

CORRECTIVE ACTION DUE DATE: 11/18/24

INSPECTION TOPIC: Site Maintenance

PROBLEM 1: The Division observed abandoned equipment, piping and trash around both permit areas. Additionally, a supply of lime is improperly stored in the mill area. This is a problem for failure to dispose of refuse in a manner that controls unsightliness or deleterious effects of such refuse pursuant to C.R.S. 34-32-116(7)(d).

CORRECTIVE ACTIONS: The operator shall submit a written notice to the Division with photo documentation that the abandoned equipment, supplies, and piping has been properly stored or removed from the site. The

lime shall be contained and covered with a tarp to keep out moisture. This shall be completed by the corrective action date.

CORRECTIVE ACTION DUE DATE: 11/18/2024

INSPECTION TOPIC: Erosion Control

PROBLEM 2: The silt fence surrounding the mill site is damaged and not in good working order.

CORRECTIVE ACTIONS: Per C.R.S. 34-32-116(7)(i) the Operator shall reinstall a silt fence and send evidence to the Division that this has been completed.

CORRECTIVE ACTION DUE DATE: 11/18/24

INSPECTION TOPIC: Compliance with Mine Plan and Reclamation Plan

Problem 3: The tailings impoundment is an Environmental Protection Facility, designed and certified to permanently contain mill tailings and be protective of surface and groundwater resources. The geo composite liner system is weathered and poorly maintained and may no longer be effective as designed in accordance with Rule 6.4.21(7). The Division considers the certification of this facility void.

CORRECTIVE ACTIONS: Prior to placing tailings within the impoundment, the facility will need to be recertified in accordance with Rule 7.3.2. If the facility cannot be recertified, the Operator will need to file a Technical Revision to update the Environmental Protection Plan to repair and/or modify the Environmental Protection Facility in accordance with Rule 6.4.21(7) and 7.3.

CORRECTIVE ACTION DUE DATE: Prior to initiation of mining/milling activities or placing tailings within the impoundment.

INSPECTION TOPIC: Hydrologic Balance

PROBLEM 4: The site is improperly impounding surface drainage/runoff in the tailings impoundment area.

CORRECTIVE ACTIONS: Per Rule 3.1.6(1)(a) submit documentation from the State Engineer's Office demonstrating that the impoundment of water in the tailings impoundment is authorized by that office.

CORRECTIVE ACTION DUE DATE: 11/18/24

INSPECTION TOPIC: Signs & Markers

PROBLEM 5: The affected area boundary markers around the 8.125-acre tailings impoundment area are missing. This is a problem for failure to maintain boundary markers around the affected area as required by Section 3.1.12(2) of the rule.

CORRECTIVE ACTIONS: The operator shall conduct a survey and install boundary markers in the correct location(s). The operator shall provide a map of the locations and photos of the markers in place as proof to the Division that this has been done by the corrective action date.

CORRECTIVE ACTION DUE DATE: 11/18/24

OBSERVATIONS

This inspection was conducted by Nikie Gagnon with the Colorado Division of Reclamation, Mining and Safety (Division) as part of the Division's monitoring inspection program. Mason Drake, representing Venture Resources, Inc., accompanied the Division during the inspection.

The Hukill Gulch Millsite is located approximately 1.5 miles northwest of Idaho Springs, CO in Clear Creek County. The site is a 110d Designated Hard Rock Limited Impact operation permitted for 8.76 acres. This site consists of two distinct areas: a 0.635 acre Mill Area and an 8.125 acre Tailings Impoundment Area located southwest of the mill. The commodities approved to be mined are gold and silver. The approved post-mining land use is rangeland.

According to the original mining application, there is approximately 8,000 tons of abandoned mine waste rock within the Tailings Impoundment Area. The Operator excavates waste rock from the upper benches and moves the material to a crusher feed pile at the mill. A sheltered storage area designed to hold 200 tons of waste rock in the feed pile is constructed at the mill. The waste rock is placed in a feed bin that empties into a mobile crushing plant. The product is sent to a mobile ball mill and then through a flotation separation plant. Once the material is processed and the metals are removed, the residual tailings are transported from the mill by pipeline as a slurry to the Tailings Impoundment Area. Over time, the tailings impoundment will be constructed in five (5) benches using an upstream raised embankment method.

Gen. Compliance With Mine Plan:

MILL AREA

The mill area consists of a small parking area surrounded by a crusher, conveyors and trailers housing the processing equipment. The following aspects of the millsite were observed during the inspection; crusher feed bin, primary crusher trailer, crusher feed pile storage area, ore bin, ball mill trailer, flotation trailer, the tailings line, silt fencing, and boundary markers. A 65,000 gallon water tank was installed north and above of the mill in 2019. This was approved under Technical Revision 5 (TR) in November 2018, which also approved replacing the mobile processing trailers and equipment with larger equipment and a permanent mill building. Other than the water tank, no additional work approved under TR5 was observed during this inspection. The operator stated they are working to obtain financing for the permanent mill construction.

At the time of inspection, the Mill Area was poorly maintained and not operational. Mr. Drake stated the mill has not been operational for several years. The Division reviewed the permit file for evidence of the last operation date. According to the September 24, 2020 inspection report, the Operator stated the mill was last operational in 2019 and no mining activity has occurred since. In 2019 when the operator processed some waste rock from the existing feed pile in the ore storage building. Prior to that, the mill was operational in 2013. As cited in Problem 1 above, Rule 1.13.5(1) states, if an Operator temporarily ceases production of the mining operation for one hundred eighty (180) days or more, the Operator must file a Notice of Temporary Cessation in writing to the Office. The start date of the initial 5-year Temporary Cessation period is retroactive to the last date of production. If that date is more than 5 years ago, the operator is required ask the Board for a second period of Temporary Cessation (per rule 1.13.5 (3) and 1.13.9 (b) or begin reclamation.

The Division observed abandoned equipment, supplies, and piping around the Mill Area. Additionally, the Division observed a weathered stockpile of lime next to the Ball Mill that appeared to be covered with a plastic tarp at one time. Only remnants of the tarp remain, and the lime is spilling out of the original bags. The

approved mine plan states that 50 pound bags of lime will be stored outside on a pallet and tarped to keep moisture out. As cited in Problem 2 above, the operator shall submit a written notice to the Division with photo documentation that the abandoned equipment, supplies, and piping around the mill area are properly stored or removed from the site and the lime is properly contained and covered.

The Division observed the silt fence surrounding the mill. The fence is damaged and not in good working order. As cited in Problem 3 above, per C.R.S. 34-32-116(7)(g) the Operator shall reinstall a silt fence and send evidence to the Division that this has been completed.

TAILINGS IMPOUNDMENT AREA

The tailings impoundment and waste rock piles are located southeast of the millsite within a steep gulch. A two-track road leads from the millsite to the Tailings Impoundment Area. The Operator constructed a concrete barrier/earthen dam at the base of the waste rock piles to act as a toe dam and leachate collection barrier.

A composite liner system comprised of a Geosynthetic Clay Liner, a 60 mil HDPE Geomembrane Liner, and a Recomposite drainage layer was installed in the impoundment area and recertified in 2017. During this inspection, the Division observed the tailings impoundment area is poorly maintained and not operational. The composite liner system is weathered and not secured in place. Sections of the top layer were sitting above the tailings impoundment. As cited Problem 3 above, the tailings impoundment is an Environmental Protection Facility, designed and certified to permanently contain mill tailings and be protective of surface and groundwater resources. The geo composite liner system may no longer be effective as designed per Rule 6.4.21(7). The liner may need to be replaced and/or repaired. Prior to placing tailings within the impoundment, the facility will need to be recertified in accordance with Rule 7.3.2. If the facility cannot be recertified, the Operator will need to file a Technical Revision to update the Environmental Protection Plan to repair and/or modify the Environmental Protection Facility in accordance with Rule 6.4.21(7) and 7.3.

Hydrologic Balance:

During the inspection, the Division observed stormwater in the tailings impoundment. The water is a few feet below the top of the concrete dam. The Operator has a stormwater discharge permit, which does not allow for the discharge of process water. No discharge was observed during this inspection. As cited in Problem 4 above, the operation is improperly impounding surface drainage/runoff in the tailings impoundment area. Per Rule 3.1.6(1)(a) the Operator shall submit documentation from the State Engineer's Office demonstrating that the impoundment of water in the tailings impoundment is authorized by that office.

A small storm water catchment/sedimentation pond is located below the concrete barrier. The sediment pond was dry during this inspection. The Division observed numerous sections of HDPE pipe tossed into the sedimentation pond. Pursuant to C.R.S. 34-32-116(7)(d), all refuse shall be disposed in a manner that will control unsightliness or deleterious effects from such refuse, therefore the Operator has a responsibility to maintain the site from debris/refuse. The pipes shall be properly stored, reinstalled, or disposed of and evidence of compliance shall be submitted to the Division.

The waste rock area consists of pockets of dumped waste rock. The Division observed the waste rock piles above the tailings impoundment. Stormwater is directed around the Tailings Impoundment Area via rip-rap channels and a large diversion pipe. The water is collected in the sediment collection pond and discharges over a rip-rapped discharge weir into Hukill Gulch. The waste rock area and the sediment pond were dry during this inspection.

The Operator is required to submit quarterly groundwater reports to the Division. The last report was received on August 5, 2024. The report indicates the groundwater well was dry at the time of sampling.

Signs and Markers:

The mine identification sign was posted at the site as required by Rule 3.1.12. Permit boundaries were posted around the mill; however, no permit boundaries were located in the tailings impoundment area. As cited above in Problem 5, the operator shall conduct a survey and install boundary markers in the correct location(s). The operator shall provide a map of the locations and photos of the markers in place as proof to the Division that this has been done by the corrective action date.

Financial Warranty:

The Division currently holds a financial warranty in the amount of \$107,742.72. The reclamation cost estimate was last calculated in 2018 for Technical Revision 5. After this inspection, the Division evaluated the cost estimate and determined the currently held bond is adequate to reclaim the site.

This concludes the Division's Inspection Report; a subset of photographs taken during the time of the inspection are included below. If you need additional information or have any questions, please contact me at Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at 303866-3567 x8126, or by email at nikie.gagnon@state.co.us.

PHOTOGRAPHS



Photo 1: Standing in the Mill parking area looking south at the Crusher feed bin, crushing plant and conveyor.



Photo 2: Looking southeast at the Ball Mill Trailer adjacent to the Mill parking area.



Photo 3: Looking at the Crushed Rock Bin. Conveyor between Ball Mill and Crushed Rock Bin is indicated by red arrow.



Photo 4: Inside view of the Ball Mill Trailer.



Photo 5: Looking north at the mobile Ball Mill Trailer on the left and Flotation Trailer on the right.



Photo 6: View of poorly stored equipment in the area below the Flotation Trailer.



Photo 7: View of the Crusher Feed Pile Shelter and Mill Office from the entrance/access road.



Photo 8: View of non functioning silt fence on the east side of the permit area.



Photo 9: View of poorly maintained lime storage area jacent to the Ball Mill Trailer.



Photo 10: Looking at poorly maintained area behind the crusher plant. Trash, equipment, and a damaged silt fence were observed here.



Photo 11: Small stockpile of waste rock in the storage shed area.



Photo 12: Looking at pipeline to the Tailings Impoundment Area.



Photo 13: Historic mine waste piles above the Tailings Storage Impoundment.



Photo 14: Looking at composite liner system in Tailings Storage Impoundment.
Stormwater observed in the impoundment.



Photo 15: View of poorly maintained liner system within the Tailings Storage Impoundment.



Photo 16: Closeup view of the weathered liner in the Tailings Storage Impoundment.



Photo 17: Looking at weathered composite liner. Top layer is blow off and laying above the Tailings Storage Impoundment.



Photo 18: Sedimentation collection pond for surface runoff below the Tailings Storage Impoundment. Rip-rapped discharge weir indicated by red arrow. HDPE pipes from the slurry pipeline to the Mill are tossed into the sedimentation collection pond.



Photo 19: Stormwater diversion pipeline on the west side of the Tailings Impoundment Area.



Photo 20: Process water storage tank adjacent to the Tailings Impoundment.



Photo 21: View of the groundwater monitoring well downgradient from the sedimentation pond in the Tailings Impoundment Area.



Photo 22: Mine sign posted at the entrance to the Mill.



Photo 23: Boundary marker observed on the east side of the Mill.

GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>N</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>PB</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>PB</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>PB</u>	(SP) STORM WATER MGT PLAN--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</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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