



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: Gold Hill Mill	MINE/PROSPECTING ID#: M-1994-117	MINERAL: Gold and silver	COUNTY: Boulder
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: October 8, 2024	INSP. TIME: 10:00
OPERATOR: Colorado Milling Company, LLC	OPERATOR REPRESENTATIVE: Mark Steen	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$77,546.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Patrick Lennberg	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: December 9, 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: Financial Warranty

PROBLEM: The financial warranty is not adequate to reclaim the site in accordance with the approved reclamation plan. This is a failure to maintain the proper financial warranty amount to complete reclamation of the affected lands pursuant to C.R.S. 34-32.5-117(4)(b) of the Act.

CORRECTIVE ACTIONS: The operator shall submit adequate financial warranty, as determined by the Division. The operator will have 30 days from the signature date of this inspection report to post the additional financial warranty.

CORRECTIVE ACTION DUE DATE: 1/8/25

OBSERVATIONS

The Gold Hill Mill (Permit No. M-1994-117) site was inspected by Patrick Lennberg of the Division of Reclamation, Mining and Safety (Division/DRMS). The inspection was completed as part of the Division's routine monitoring program. The site was previously inspected by the Division on October 24, 2023 as part of the Operator's conversion application (CN-1). The Operator, Colorado Milling Company, LLC, was represented by Mark Steen during the inspection. The weather was clear and mild.

The Gold Hill Mill is located approximately 10 miles northwest of Boulder, CO in Boulder County. Access to the site is off Sunshine Canyon Drive. A mine sign was observed at the entrance to the mine as required by Rule 3.1.12.

Currently, the site is 110(2) limited impact Hard Rock site permitted for 9.2 acres. On September 13, 2022, the Operator submitted a conversion application, CN-1, to convert the 110(2) permit to a 110(d) permit. The 110(d) permit conversion application was approved on February 7, 2024. To date the Operator has not submitted the required increased financial warranty. The approval of CN-1 requires an increase in the financial warranty amount from \$77,546.00 to \$110,697.00 an increase of \$33,151.00. The increased amount needs to be submitted and accepted by the Division prior to the conversion application being issued and the decision becoming final. If the increased amount is not received by the Division prior to February 7, 2025 the 110(d) application will be denied. On August 21, 2024, the Division issued a letter regarding the Tailings Storage Facility (TSF) recertification and increase in financial warranty. In the letter the Division stated the existing financial warranty held for the operation is insufficient to reclaim the site according to the approved 110(2) and 110(d) Reclamation Plans. Pursuant to Rule 4.2.1(1) all Financial Warranties shall be set and maintained at a level which reflects the actual current cost of fulfilling the requirements of the Reclamation Plan. The Division ordered amendment to the currently held financial warranty was due on October 20, 2024. To date the Operator has not submitted the increased amount, this issue is cited as a problem at the beginning of this report.

As approved with CN-1, the TSF is a designated Environmental Protection Facility containing tailings material requiring recertification or final reclamation. During the October 2023 pre-operation inspection of the site, the Division noted several issues with the liner of the TSF, including, but not limited to, holes in the liner and animal burrows in the embankments. In adequacy review response no. 4, dated January 26, 2024, the Operator committed to providing an evaluation as to whether the TSF can be recertified. If not, or if there is insufficient capacity for further use, then closure would take place. The Operator committed to providing this evaluation no later than August 1, 2024. This commitment was part of the Division's rationale for approval of the conversion application. The Division granted the Operator an extension to October 20, 2024 to fulfill this requirement to provide the results of this evaluation. To date, the Operator has not complied with this commitment and requirement.

The permit area consists of three areas: the mill site (at the top of Gold Hill), the water pipeline (which runs up Lick Skillet Gulch from Left Hand Creek to the Times Mine portal), and an area adjacent to the creek (where water will be pumped from the creek). The mill site includes a mill facility, a small tailings impoundment, and an ore stockpile. AM-1 added the water pipeline and associated infrastructure and the Times Mine portal to the permit to allow the operator to pump water from Left Hand Creek to the portal to store in the Times and Wynona Mines for use by the mill operation.

The affected lands consist of several patented mining claims owned by Colorado Milling Company, LLC, some unpatented claims managed by the U.S. Bureau of Land Management (BLM) and a portion of land on Left Hand Creek managed by the U. S. Forest Service (USFS). The pipeline easement is on land owned by Boulder County Parks and Open Space. Access to the pipeline will be via three historic mine roads off Licksillet Road and one historic mine road off Sunshine Canyon Drive (for the Times Mine portal area). The pump station area near the creek will be accessed via a 3-foot-wide path off Licksillet Road and is located entirely on U. S. Forest Service land. The approved post-mining land use for the site is forestry.

The reclamation plan includes removing the pipeline and associated infrastructure, decommissioning the bulkhead at the Times Mine adit, sealing the Times Mine portal, removing the fencing from around the tailings impoundment at the mill site, grading the tailings to nearly flat, placing a 2-foot thick rock capillary barrier on top of the tailings (material derived from the mine dump screening operation), replacing 3-4 inches of topsoil across the top of the rock capillary barrier, and revegetating disturbed areas with grasses, shrubs, and trees. The footprint of the ore stockpile will not be revegetated for reclamation as it will be used for equipment storage and parking. The mill building will remain after reclamation. The existing access road will remain after reclamation.

As mentioned above, both the BLM and USFS own portions of the surface of the permitted area. In April 2013, the BLM issued a Notice of Temporary Suspension for all the Gold Hill Mines operations (including Cash and Who Do Mines and Gold Hill Mill). The initiation of mining or milling operations may not occur until such time as both the BLM and the USFS have completed the NEPA process and approved a Plan of Operations for these activities. In addition, the BLM must terminate the suspension order. The Division does not know the status of the Plan of Operations with either agency. The operation will need to gain compliance with both agencies prior to recommencing activities at the site.

The site has been inactive since September 2008. The second and final term of Temporary Cessation (TC-2), expired in June 2018. Since 2018, no milling, mining or reclamation activities have taken place. No milling activities or production has occurred for 16 consecutive years. Pursuant to Rule 1.13.9(3) once the maximum limit of ten (10) consecutive years of Temporary Cessation has been reached, final reclamation of the affected lands shall be initiated with all reasonable diligence, as soon as practicable and as conditions allow. Final reclamation shall be completed within five years, unless extended by the Board or Office. The ten years of consecutive Temporary Cessation spanned from 2008 to 2018. **The Operator shall begin final reclamation of site as soon as possible. No mining, milling or production is allowed under this permit, M1994-117, and the affected land is required to be reclaimed according to the approved reclamation plan.** Please note approval of the Plan of Operations with the BLM and or the USFS does not allow for milling or mining activities or production to begin as those activities are no longer allowed by the Division.

During the pre-operation inspection of the Mill in 2023 the Division noted the presence of toxic chemicals. The Division ordered that the toxic chemicals be removed from the site and properly disposed of. Clean Harbors removed the drums of toxic chemical in April 2024. In August 2024 the Operator received documentation that the designated facility had accepted the chemicals. The long delay was attributed to a delay in payment for the services. Colorado Milling had a change in upper management that resulted in the delay of payments to some vendors. The Division considers the Problem for improper storage and presence of toxic chemicals abated.

The financial warranty was not recalculated as part of this inspection.

Photographs taken during the inspection are attached.

Please contact Patrick Lennberg by email at patrick.lennberg@state.co.us if you have any questions regarding this report.

Inspection Contact Address

Mark Steen
Colorado Milling Company, LLC
50 West 100 South Street
Moab, UT 80342

cc: Jared Ebert, DRMS

ec: Ben Langenfeld, Lewicki & Associates, PLLC, benl@lewicki.biz
Mark Steen, Colorado Milling Company, LLC, goldtontine@gmail.com

PHOTOGRAPHS



Photo 1: Mine sign at primary mine entrance



Photo 2: Typical permit boundary marker



Photo 3: Tailings Pond west end



Photo 4: Looking east across the tailings pond



Photo 5: Looking west across the tailings pond



Photo 6: The southside embankment of tailings pond



Photo 7: Ore storage area to the west of Mill



Photo 8: Looking east across to the ore storage area to the Mill



Photo 9: Inside the Mill where the toxic chemicals were stored

CO992961

2403725078

UNIFORM HAZARDOUS WASTE MANIFEST

1. Generator ID Number: COSQG

2. Page 1 of 1

3. Emergency Response Phone: 8005569090

4. Manifest Tracking Number: 019357150 FLE

5. Generator's Name and Mailing Address: COLORADO MILLING COMPANY, 9145 SUNSHINE CANYON DRIVE, BOULDER CO 80302

6. Generator's Phone: 303 588-1119

7. Transporter 1 Company Name: ANCON MARINE

8. Designated Facility Name and Site Address: CLEAN HARBOR ENVIRONMENTAL SERVICES LLC, SOLVENT RECOVERY LLC, 746 MULBERRY STREET, KANSAS CITY MO 64101

9a. U.S. DOT Description: UN3266, WASTE Corrosive liquid, basic, inorganic, n.o.s. (Sodium Hydroxide, Benzothiazol Compound) 8, PGII

10. Containers: 1 X55, 001 CF

11. Total Quantity: 0.159 P

12. Unit: P

13. Waste Codes: D002

14. Special Handling Instructions and Additional Information: 1) ERG#154 LAB PACKCM-1/CASE#01719799/INCHES WO#4205.49385

15. GENERATOR'S/OFFEROR'S CERTIFICATION: I hereby declare that the contents of this consignment are fully and accurately described above by the proper shipping name, and are classified, packaged, marked and labeled/placarded, and are in all respects in proper condition for transport according to applicable international and national governmental regulations.

16. International Shipments: ☐ Import to U.S. ☐ Export from U.S.

17. Transporter Acknowledgment of Receipt of Materials: Mike Armstrong

18. Discrepancy: ☐ Quantity ☐ Type ☐ Residue ☐ Partial Rejection ☐ Full Rejection

19. Hazardous Waste Report Management Method Codes: 1. H040

20. Designated Facility Owner or Operator: Mary H. Deppen

DESIGNATED FACILITY TO GENERATOR

Photo 10: Documentation of disposal of toxic chemicals

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>PB</u>	(RD) ROADS----- <u>Y</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>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>N</u>	

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