

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

April 23, 2012

AGC Resources, LLC
1580 Lincoln Street, Suite 700
Denver, CO 80203

**Re: Findings of Fact, Conclusions of Law and Order, AGC Resources, LLC,
File No. M-1994-117**

On April 23, 2012 the Mined Land Reclamation Board signed the enclosed Board Order for the above captioned operation. We strongly advise that you read this document carefully since it may contain provisions which must be satisfied by specific dates to avoid future Board actions.

Sincerely,

Sitira Pope
Secretary to the Board

Enclosure(s)

CERTIFIED MAIL NO.
7010 1060 0001 0936 8556

Cc's
Michael Cunningham
John Roberts

BEFORE THE MINED LAND RECLAMATION BOARD
STATE OF COLORADO

Notice of Violation No. MV-2011-033

AMENDED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

IN THE MATTER OF THE NOTICE OF POSSIBLE VIOLATION BY AGC RESOURCES, LLC, CORRECTIVE ACTIONS, AND CIVIL PENALTIES FOR FAILURE TO HANDLE ACID-FORMING OR TOXIC-PRODUCING MATERIAL IN A MANNER THAT WILL PROTECT THE DRAINAGE SYSTEM FROM POLLUTION, File No. M-1994-117

THIS MATTER came before the Mined Land Reclamation Board ("Board") on October 12, 2011 in Denver, Colorado to consider a possible violation, corrective actions, and civil penalties against AGC Resources, LLC ("Operator") for failure to handle acid-forming or toxic-producing material in a manner that will protect the drainage system from pollution, file number M-1994-117. Michael Cunningham appeared on behalf of the Division of Reclamation, Mining and Safety ("Division"). There were no appearances on behalf of the Operator.

The Board, having considered the materials presented with this matter and having been otherwise fully informed of the facts in this matter, hereby enters the following:

FINDINGS OF FACT

1. The Operator holds a 110(2) permit for a 8.4-acre gold and silver mill operation. The site, known as the Gold Hill Mill, is located in Section 12, NE ¼, Township 1 North, Range 72 West, 6th Principal Meridian, 10 miles northwest of Boulder, Colorado in Boulder County.

2. In March 2009, the prior site operator, Mount Royale Ventures, LLC, submitted Technical Revision 06 to permit number M-1994-117 to allow placing uncemented tailings from the Gold Hill Mill into the Cash Mine workings and other voids in the area. The Division denied Technical Revision 06 in April 2009.

3. On June 12, 2009, the Division inspected the site and found that tailings had been placed both in two historic prospect pits located on the hillside below the mill and in the Cash Mine workings.

4. Permit number M-1994-117 was transferred from Mount Royale Ventures, LLC to AGC Resources, LLC in August 2010.

5. On December 21, 2004, the Division conducted an inspection of the site and found that the historic prospect pits had not been reclaimed and that tailings continued to be blown from the pond. The tailings constitute acid-forming or toxic-producing material.

6. On September 12, 2011, the Division sent the Operator a Reason to Believe a Violation Exists letter which provided notice regarding the alleged violations and the October 2011 hearing.

7. On September 16, 2011, the Division sent the Operator the August 24, 2011 inspection report.

CONCLUSIONS OF LAW

8. The Board has jurisdiction over this matter pursuant to sections 34-32-104 through 107, and 124 of the Colorado Mined Land Reclamation Act, Article 32 of Title 34, C.R.S. (2010) ("Act").

9. The Operator failed to handle acid-forming or toxic-producing material in a manner that will protect the drainage system from pollution, in violation of section 34-32-116(7)(c), C.R.S.

10. Section 34-32-124(7), C.R.S. provides for a civil penalty of not less than \$100 per day nor more than \$1,000 per day for each day during which a violation occurs. The Board may impose a penalty based on 49 days of violation (from the inspection date to the hearing date) at \$50 to \$200 per day for a civil penalty of \$2,450 to \$9,800.

ORDER

The Operator did not appear in this matter to present any mitigating factors. There is no information before the Board indicating that any action other than the relief requested is appropriate. Therefore, based on the foregoing, the Board enters the following order:

The Board finds the Operator in violation of section 34-32-116(7)(c), C.R.S., for failing to handle acid-forming or toxic-producing material in a manner that will protect the drainage system from pollution.

The Board imposes against the Operator the following **CORRECTIVE ACTION**: the Operator shall, within 30 days of the effective date of this Order, submit and obtain approval of a technical revision to permit number M-1994-117 addressing reclamation of the historic prospect pits and the transport of tailings from the pond.

If the Gold Hill Mines Inc. application for permit transfer is approved; Gold Hill Mines Inc. shall, within 180 days of the effective date of such approval, comply with the corrective action stated herein.

The Board imposes a CIVIL PENALTY for 49 days of violation at \$200 per day for a total civil penalty of \$9,800. The civil penalty shall be due and payable within 30 days of the effective date of this Order.

If the Gold Hill Mines Inc. application for permit transfer is approved, Gold Hill Mines Inc. shall not be liable for civil penalties based upon the previous operator's violation. If Gold Hill Mines Inc. fails to comply with the corrective actions by the amended deadline, it shall be subject to civil penalties beginning from the date it became operator.

DONE AND ORDERED this 23rd day of April 2012.

FOR THE COLORADO MINED LAND
RECLAMATION BOARD



Ron Peterson, Chair

NOTICE OF APPEAL RIGHTS

This order becomes effective and final upon mailing. Any party adversely affected or aggrieved by agency action may commence an action for judicial review by filing a notice of appeal with the district court within thirty (30) days after the effective date of this order, pursuant to section 24-4-106, C.R.S. (2011). In the event that an appeal is filed, designations of record made in accordance with section 24-4-106(6), C.R.S. should be served on the Board at: 1313 Sherman Street, Room 215, Denver, CO 80203, Attention: Sitira Pope.

CERTIFICATE OF SERVICE

This is to certify that I have duly served the within FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND BOARD ORDER upon all parties herein by
depositing copies of same in the United States mail, first-class postage prepaid, at
Denver, Colorado, this 28^d day of April 2012 addressed as follows:

By inter-office or electronic mail to:

AGC RESOURCES, LLC
1580 Lincoln Street, Suite 700
Denver, CO 80203

Michael Cunningham
Division of Reclamation, Mining & Safety
1313 Sherman Street, Room 215
Denver, Colorado 80203

By intra-office or electronic mail to:

John J. Roberts
Senior Assistant Attorney General
Office of the Attorney General
1525 Sherman Street, 7th Floor
Denver, CO 80203


