




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
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: Neglected Mine	MINE/PROSPECTING ID#: M-1981-165	MINERAL: Gold	COUNTY: La Plata
INSPECTION TYPE: Monitoring	INSPECTOR(S): Kate A. Pickford	INSP. DATE: September 25, 2012	INSP. TIME: 12:30
OPERATOR: Mine Development Inc	OPERATOR REPRESENTATIVE:	TYPE OF OPERATION: 110(2) - Hard Rock Limited Impact	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$23,221.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 10, 2012	

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: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: 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: The Division recommends the Operator file for Temporary Cessation. The start date of the initial 5 year Temporary Cessation period is retroactive to the last date the pit was active. If that date is more than 5 years ago, the operator is required ask the Board for a 5 year extension to the Temporary Cessation period (per rule 1.13.5 (3) and 1.13.8 (b) or begin reclamation. Alternatively, if the operator intends to recommence operations within the upcoming year, the operator must submit information to the Division regarding the timing of mining activities and how the operator will establish to the Division the integrity of the tailings pond liner. Either the Temporary Cessation request or the plan for starting activities at the site must be received by the Division within thirty (30) days of the date of this inspection report.

CORRECTIVE ACTION DUE DATE: 11/12/12

OBSERVATIONS

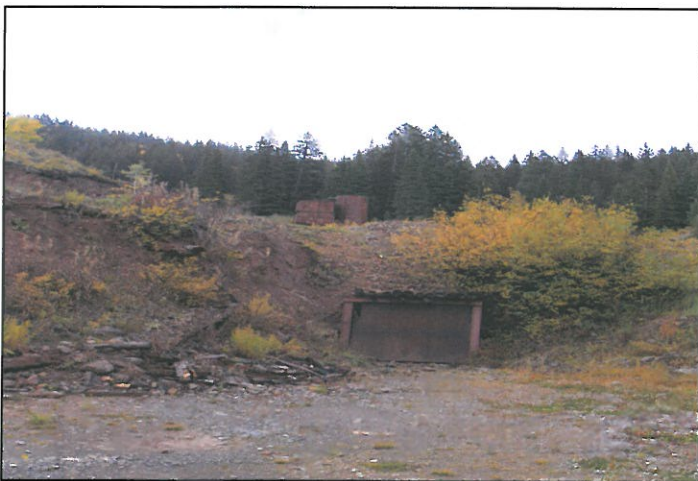
This inspection was conducted as part of the Division of Reclamation, Mining and Safety monitoring program. The operator was unable to be contacted prior to this inspection, but has since supplied the Division with a new contact phone number.

The liner in the talings pond has at least one hole in it, above the current water level. The pond has cattails, dirt, and rock in it that is visible from above the water line, and presumably has more material underwater. The integrity of the liner is in question due to its above water condition and the lack of maintenance.

The site is well maintained and safe. According to Division records, the site has been inactive for at least 4 years. Therefore, the operator must supply the Division with a revision, placing the site into Temporary Cessation, or submit information to the Division indicating that activity will resume within the next year and a plan to restart operations at the site. Part of this plan must include how the operator will establish, to the Division that the tailings pond liner is still an impermeable and effective barrier.

The current bond amount is adequate for reclamation of the site.

PHOTOGRAPHS



GENERAL INSPECTION TOPICS

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

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

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

Inspection Contact Address

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