




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: LZ Minerals Exploration Program	MINE/PROSPECTING ID#: P-2008-044	MINERAL: Silver, gold, copper, lead and zinc	COUNTY: Mineral
INSPECTION TYPE: Mineral Prospect Inspection	INSPECTOR(S): Bob Oswald	INSP. DATE: September 27, 2012	INSP. TIME: 12:00
OPERATOR: NFI Ventures LLC	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: MP - Mineral Prospecting	

REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: None	BOND AMOUNT: \$7,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. Forest Service	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 23, 2012

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

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

OBSERVATIONS

This was a bond release-related inspection performed by the Division in response to the submittal of a bond release request (SL-1) by the operator. There was no activity at the site at the time of the inspection, and nobody representing the operator was present.

The project area consists of two separate parts: the lower portal and staging area, and the upland drilling site. No new roads were constructed for the project. The portal in the lower area was reopened several years ago, producing a flush of impounded water, all of which was captured and retained onsite. No offsite discharge occurred. Marks on the ribs showed the mine pool depth was only five feet at the portal. The portal was reclosed adequately, and it is presumed that the impounded mine pool is refilling but also re-establishing its groundwater drainage pathway again. There have never been any seeps or surface drainage observed anywhere below the site, and stream water sampling has not detected any adverse impacts. The recontouring of the face-up has been successful also. All equipment, stockpiles, debris and contaminants have been removed from this area, and the site is stable. The Division considers this to be adequately reclaimed.

The upper drilling area is also reclaimed. All drill holes were backfilled and sealed, the drill pad was recontoured and topsoiled, and the area was seeded. The operator scattered all the woody slash across the disturbed area. The topsoil is not eroding or weedy. The seeding has been successful, in producing better grass cover than the natural forest understory adjacent to the site. No sediment has deposited on the adjacent roadway. The Division considers this area to be adequately reclaimed.

The one reclamation item that needed to be completed before the Division can approve the release of the bond was the removal of the silt fence that the operator installed along the road up to the upper area. The silt fence was the standard black woven geotextile, about 2 ft x 300 ft, with wooden stakes every 10 feet. The operator was contacted about this remaining task, and prior to the writing of this report had provided photo-documentation to the Division showing the removal of the silt fence.

There were no other observations, no more outstanding reclamation to perform, and no problems. It is the Division's opinion that all required reclamation items have been satisfactorily completed, and the bond should be released. Since this project area is on land managed by USFS, the Division must receive written concurrence from USFS of adequate reclamation in order to release the bond.

For questions about this report please contact this inspector at the Division's Durango Field Office:
DRMS – Durango Field Office
691 CR 233, Room A-2
Durango, CO 81301
Telephone 970-247-5193

Inspection Contact Address

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PHOTOGRAPHS

