




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: Ellison Mine	MINE/PROSPECTING ID#: M-1978-342	MINERAL: Uranium and vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald	INSP. DATE: October 16, 2012	INSP. TIME: 13:00
OPERATOR: Gold Eagle Mining, Inc.	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110d - Designated Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$100.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: U.S. Energy	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 2, 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>N</u>	(FN) FINANCIAL WARRANTY-----	<u>N</u>	(RD) ROADS-----	<u>NA</u>
(HB) HYDROLOGIC BALANCE-----	<u>Y</u>	(BG) BACKFILL & GRADING-----	<u>NA</u>	(EX) EXPLOSIVES-----	<u>NA</u>
(PW) PROCESSING WASTE/TAILING----	<u>NA</u>	(SF) PROCESSING FACILITIES-----	<u>Y</u>	(TS) TOPSOIL-----	<u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE-	<u>NA</u>	(FW) FISH & WILDLIFE-----	<u>NA</u>	(RV) REVEGETATION----	<u>NA</u>
(SM) SIGNS AND MARKERS-----	<u>Y</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>NA</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 an inspection performed by the Division, in part to monitor the site for existing conditions and in part to check the site prior to the planning and implementation of an Environmental Protection Plan (EPP). The site has not been active for several years, and a federally-required analysis is currently in place, but the operator is still required by state law to amend the permit with an EPP. A preliminary EPP document has been submitted, which is under review by the Division. The permitted area is located on Department of Energy (DOE) lease tract C-SR-13. The site was not active and the operator was not present at the time of the inspection.

The required permit ID sign was posted and the permit boundary markers were in place. All disturbance was within the permit boundary.

Most of the features and structures onsite have been observed at previous inspections. These include: mine portal with steel arched sets and safeguarded by a locked grate; a galvanized steel building, measuring 30' x 30' x 15' with locked doors, and haul truck parked inside; a waste rock dump with level pad surface, buried water tank near the portal, overhead electric power, and an earth-filled cribbed loadout. The topsoil stockpile is in the NW corner of the site. It is in good condition, but appears as if some topsoil has been borrowed recently from the south end. Since there is not a surplus of topsoil, the operator must not borrow any more topsoil from the stockpile for non-reclamation uses. Items that have not been observed on the site before include two cargo containers parked east of the portal (8' x 8' x 20' approx, each). They were locked and their contents were unknown. No onsite fuel storage was observed.

On the waste dump pad there was no ore stockpile but there appears to be remnants of past ore stockpiles, mainly along the east edge. The pad on the top of the waste dump is bermed along most of its perimeter. The berms do not extend completely along the pad perimeter, however, so stormwater and/or sediment are not fully controlled. There are breaks in the berm on the east side and the north side where runoff flows, resulting in minor gullying of the dump slopes there. This condition is not in conformance with the operator's CDPHE stormwater management plan, or with the DRMS permit. This is not being noted as a problem in this report, since this condition probably developed while the operator mistakenly thought that the DOE's current analysis prevented him from entering the permit area and performing maintenance activities. However, such activities are allowed by the DOE, and are required to be performed to stay in compliance with the various permits, including this DRMS permit. There is currently an opportunity to fix the breached berms before the end of the 2012 construction season, which the operator should take advantage of; if the berm is observed next year to be unrepaired this may become a problem. (The topic of installing and maintaining sufficient stormwater control is included in the EPP, further raising the importance of this easily-implemented practice.)

The old permit map is deficient and is not current, yet the operator is "recycling" it in the new EPP submittal. This is not being noted in this report as a problem, because the operator will be required to provide an updated permit map to the Division as part of an adequate EPP. (The operator should refer to the minimum map standards which are described in Hard Rock/Metals Rule 6.2)

No contaminants and no noxious weeds were noted on the site. There are, however, scattered Halogeton plants on the site, which may be considered an undesirable species. The operator should be attentive to this plant, and determine if the DOE lease requires that it is controlled.

The reclamation bond for this permit is held by the DOE, with a token amount of \$100.00 held by the Division. The reclamation costs will be recalculated by the Division after the EPP has been finalized, and the total combined bond amount that is posted to both agencies will be verified.

For questions related to 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

Don Coram

Gold Eagle Mining, Inc.

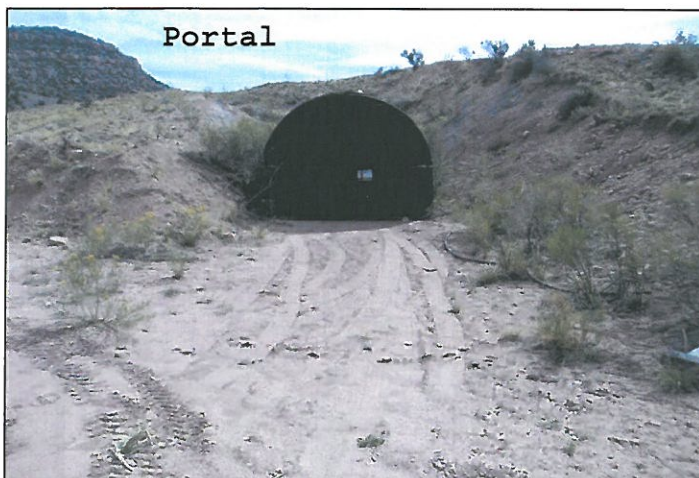
P.O. Box 3007

Montrose, CO 81402

CC: Ed Cotter, DOE, Grand Junction

Please see inspection photographs, on pages 3-4.

PHOTOGRAPHS



PHOTOGRAPHS

