




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: Burros Mine	MINE/PROSPECTING ID#: M-1977-297	MINERAL: Uranium & vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald	INSP. DATE: October 16, 2012	INSP. TIME: 14:00
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. Dept of 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>NA</u>	(FN) FINANCIAL WARRANTY-----	<u>N</u>	(RD) ROADS-----	<u>Y</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>N</u>	(TS) TOPSOIL-----	<u>NA</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>N</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>N</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 a partial 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. Northern portions of the permitted area are located on BLM-managed land, and the southern portions are 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, but the affected area boundary markers were not checked. This is a very irregular-shaped permit, but the operator must ensure that some boundary markers are all installed to indicate the limits of the permit area, especially below the dumps, road fills and stormwater structures. The size of the disturbed area has not changed since the last inspection.

Most of the features and structures onsite have been observed at previous inspections. These include: lower mine portal that is safeguarded by a locked grate; steel ore hopper structure; a galvanized steel building, up at Burro #5; a multi-level waste rock dump adjacent to the ramp road leading up from the lower base area; shaft on Burro #3 claim and adjacent large waste rock dump near the Burro #3; shaft on Burro #5 claim and adjacent large waste rock dump near Burro #5; vent shaft with security fence around it on the roadway up to the shafts. No onsite fuel storage was observed.

There was no ore stockpile observed on the site. The permit area is located on a rocky south-facing slope, from which stormwater runoff from precipitation events can be severe. The pads and roads contain berms, the roads used to contain water bars, and there used to be effective ditches routing runoff to sediment ponds. These structures were required to control and direct runoff, but the structures are not maintained adequately to control runoff and sediment transport. The dump faces and road surfaces are becoming deeply gullied, and drainage conveyances to the sediment ponds and pond outlets are breached, and the deposited sediment compromises the ponds' capacity at catching eroded material. A significant amount of material washes down the site with the runoff, but all of it appears to report to the lowest sediment and runoff pond (at the portal). Although this condition is not in conformance with the operator's CDPHE stormwater management plan, with the BLM Plan of Operations, 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. No off-permit release of sediment was observed, but by not maintaining the control structures in the upland areas of the site, the rate of erosion and sedimentation is accelerated, increasing the maintenance needs and the cost of reclaiming the site. There is currently an opportunity to repair the stormwater controls before the end of the 2012 construction season, which the operator should take advantage of; if the site 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 file contains several old versions of permit maps, but no maps which have been kept current. The "sketch map" included in the recent EPP submittal is only a partial depiction of the site. There are no adequate maps

in the permit file, but this is not being noted in this report as a problem, because the operator will be required to provide updated permit maps 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, as well as specific map requirements in Rule 6.3.)

No contaminants and no noxious weeds were noted on the site.

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

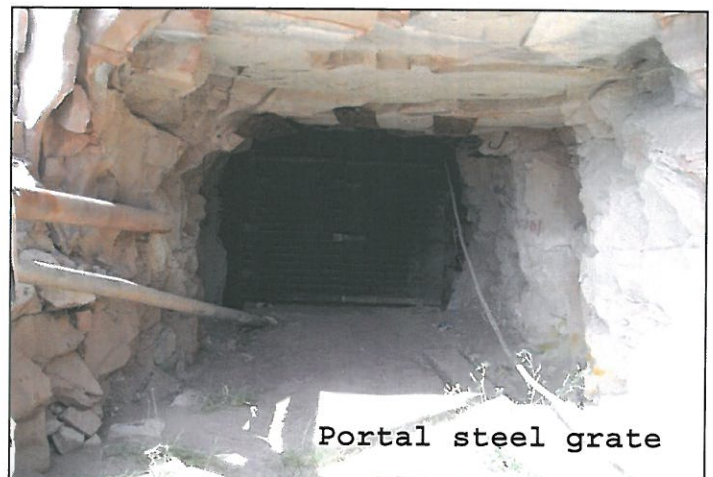
Inspection Contact Address

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Montrose, CO 81402

CC: Ed Cotter, DOE, Grand Junction
James Blair, BLM, Dolores

(Please see inspection photographs on pages 3-4.)

PHOTOGRAPHS



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