

11-15-2012

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Durango Field Office  
Division of Reclamation,  
Mining and Safety

MINE DEVELOPMENT INC.

3319 E. 4<sup>th</sup> AV.

DURANGO CO. 81301

REF. NEGLECTED MINE, PERMIT # M1981-165 Modified report for compliance of permit for year 2012.

The first time we entered the permit area for the year 2012 was July 7 2012. We started by conducting an inspection of the storm water diversion system and the cleaning of all culvert heads and borrow ditches. We determined that there was no damage done the system during the previous winter and the system was functioning as designed and no alterations or major maintenance was required. We then proceeded to the lined tailings pond and removed 2 fallen trees and began evaporation process of the pond in accordance to the required method outlined in the permit. The water level was evaporated and lowered to the point that bottom of the pond was exposed on the west end, which is the deepest point of the pond, and unless there is abnormal weather during this winter the water level should not approach the breach, but if it does there should be no concern for contaminated water or silt to leave the pond. It should also be noted that the pond water has a large population of "water dogs", which is the first species to die if contamination or pollutants enter their habitat along with the cattails mentioned in the inspection report. I agree with the inspection report ref. repair of the liner. This repair will be dealt with in the 2013 season. Inspections will be conducted by me or my designees through the winter if we receive any snow or rain.

At the same time the evaporation of the pond was being dealt with, we proceeded underground and continued with rehabilitation of some old areas of the mine in preparation for possible mining. All material removed from the drifts was placed in other drifts and stopes under ground and therefore no surface disturbance was created.

Work completed on the surface of this site in accordance with the permit for this year and every year prior to this year, was a high level of maintenance to roads, road surfaces graded and sloped for storm water and silt control; borrow ditches, culvert cleaning, physical inspections of storm systems, tree cutting and removal of debris from ditches and pond, weed control by permitted methods, reseeding of some areas and pond evaporation. Winter inspections are conducted after the USFS closes the gates, and winter access can be gained by snow mobiles. All of these activities are not only required in the permit but are very expensive to conduct and should be considered as "work preformed". I strongly disagree, at this time with the Temporary Cessation suggestion as some years access by the USFS will not allow for a 180 season.

Work priorities for the year 2013 will be the repair to the breach and the recertification of the pond liner prior to any underground work. Thank you for your time and your comments in the inspection report and if you have any comments or questions ref. this amended report or other problems please call me at 970-799-4041 or E-Mail me at [snivasnti@vanoo.com](mailto:snivasnti@vanoo.com); Remember if you call me I am hearing impaired, so SCREAM, I will love it!

Sincerely,



Harold E Luzar Jr.

970.799.4041

P.S Please call me if any thing else is needed.

