




**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 & vanadium	COUNTY: San Miguel
INSPECTION TYPE: Monitoring	INSPECTOR(S): Bob Oswald, Russ Means	INSP. DATE: May 16, 2013	INSP. TIME: 10:00
OPERATOR: Gold Eagle Mining, Inc.	OPERATOR REPRESENTATIVE: Don Corum	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: U.S. Energy	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: May 31, 2013	

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>NA</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>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>Y</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 inspection was performed by the Division as part of its monitoring of Hard Rock/Metal 110d permits. The operator recently submitted a statement to the Division that he is voluntarily placing the permit into the "final reclamation" stage rather than submit an Environmental Protection Plan as provided by a DRMS letter of September 30, 2011. The site is located in a US Department of Energy (DOE) uranium lease tract, so the Division wished to perform a joint inspection of the site with DOE staff. Besides the Division staff and the operator's representative named on page one as present during the inspection, also present were Daryl Corum, Ed Cotter of DOE, and Julie Murphy of the Colorado Attorney General's Office.

The required permit ID sign was visibly posted near the entrance to the site, and the permit boundary markers were observed in place. All permit activity appears to be within the permit area boundaries.

The permitted mine contains only one underground portal. The adit is protected by an arched steel portal structure, with a locked heavy steel grate across it to prevent unauthorized entry. The adit entry is dry. No other openings, such as portals or vent shafts, are included in the permitted area. The current approved reclamation plan includes the closure and safeguarding of this portal.

Other structures in the permitted area include: a locked steel building with concrete perimeter footer; buried water tank for drill water; two modular storage containers; and wood-cribbed, earth-filled equipment ramp. The current approved reclamation plan includes the removal of these items. Discussions on site indicated there is a desire for certain structures to remain after reclamation. The operator will need to submit a Technical Revision to address which structures are to remain and which will be removed as part of final reclamation, otherwise all must be removed. There is overhead electric service to the site, but the poles and lines are the property of the San Miguel electric utility, and the operator is not responsible for their removal. There are no electric transformers on the site. No debris was observed on the site.

There is no fuel or other hydrocarbon stored on the site, and no ore stockpiled on the surface. DOE and the operator noted that no uranium ore was stockpiled at the site during its operation from this portal. There are no chemicals or signs of contaminants on the site. The operator has been successfully controlling noxious weeds on and near the permit area, mainly halogeton. There is a salt lick on the development rock pad, to serve the livestock that are allowed to graze in the area; the salt lick may remain if it is the landowner's wish.

The development rock pad is fairly level, and includes a perimeter berm. The pad is composed of coarse sandstone which allows most meteoric water to percolate into the level surface of the pad, and runoff is therefore minimized. No erosion or sedimentation issues were observed off the waste pile slopes. The pad's out slopes are estimated to be at 1.5:1 gradient. The reclamation plan requires the slopes to be reduced to 3:1 gradient, which can be accomplished within the permit boundary. Reclamation will require ripping the compaction on the surface of the pad. It is recommended that temporary sediment control fence is installed at the toe of the pad slopes after they are re-graded.

The topsoil stockpile is still present, and contains adequate volume for the required reclamation. No noxious weeds were observed on the topsoil. The reclamation plan requires the topsoil to be re-spread across the re-graded pad and slopes. Pocking of slopes may enhance vegetative cover establishment and is recommended.

The operator has voluntarily entered into final reclamation rather than submitting an Environmental Protection Plan. This was one of the options available to uranium mine permit holders in a January 2012 letter to all operators. The Division will require final reclamation commencement by October 1, 2013 construction season and all work must be complete by May 31st, 2014. A plan, including the required Technical Revision and a schedule for commencement of reclamation activities must be submitted to the Division by August 1, 2013. Failure to submit the required plan and TR by August 1, 2013 may result in a "Reason to Believe" a violation exist letter being issued for failure to comply and scheduling the matter as an enforcement hearing before the Mined Land Reclamation Board.

If there are questions regarding 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

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Inspection Contact Address

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EC: Julie Murphy, AGO, Denver, CO

PHOTOGRAPHS

