




**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: Coal Creek Resources	MINE/PROSPECTING ID#: M-1988-044	MINERAL: Sand	COUNTY: Arapahoe
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): Berhan Keffelew	INSP. DATE: June 28, 2012	INSP. TIME: 13:30
OPERATOR: Schmidt Construction Company	OPERATOR REPRESENTATIVE: Mark Heifner	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$1,083,044.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 13, 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>N</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>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</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>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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

- 1) The Division conducted an acreage reduction and surety reduction inspection of the site on 6/28/12. Present during the inspection was Mr. Mark Heifner the operator's consultant. The site is a large 112 sand and gravel operation covering 2,716.68 acres.
- 2) The operator submitted a request for a surety reduction for 84.5 acres reclaimed and 84.6 acres, acreage reduction for areas that are now leased for oil production by the State land Board, that was previously leased to Schmidt Construction with in permit # M-1988-044.
- 3) The reclaimed areas consisting of five parcels of land for a total 84.5 acres were walked and inspected and found to be fully reclaimed. The parcels have been in reclamation for the past five years. The reclaimed areas were covered with diverse species of native grasses. There was no noxious weed infestation.
- 4) The parcel of land that is now covered under an oil lease and requested to be removed from the permit was observed. There are a couple of oil wells in place with supporting structures. The land will be released from the permit area.
- 5) The permit sign was properly posted at the access to the property. The current financial warranty for the site is \$1,083,044.00. The operator is allowed to affect a maximum of 500 acres at any given time. Even though the operator has requested a surety reduction, warranty will not be reduced at this time. The request was submitted because the operator was reaching the maximum affected limits set by the State Land Board as part of their lease approval. With the release of the 84.5 acres from the permit, the operator will have another 84.5 acres that can be affected under the current mining permitted area. A new map was provided delineating these two areas from the permit.

PHOTOGRAPHS



Figure 1 permit sign



Figure 2 looking at reclaimed area 1 (.57 acres)



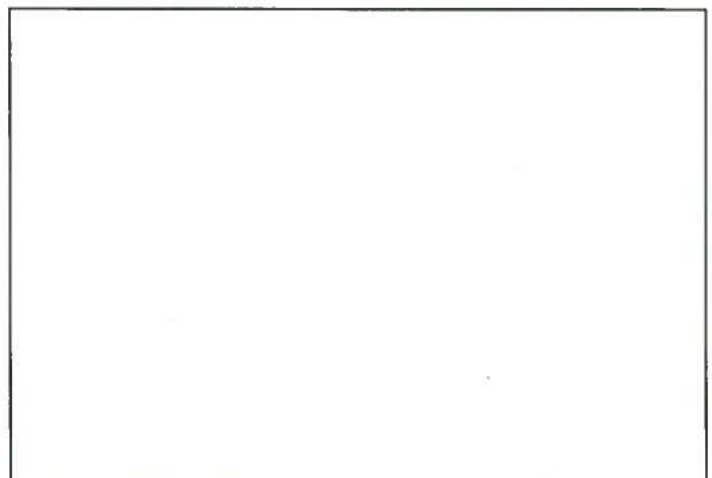
Figure 3 looking @ the reclaimed area 2 & 3



Figure 4 looking at the reclaimed are 5&6



Figure 5 looking at the are now lease by oil production appx 88 acres



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