




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: Memphis Site	MINE/PROSPECTING ID#: M-1997-084	MINERAL: Aggregate	COUNTY: Ouray
INSPECTION TYPE: Multi Person Inspection	INSPECTOR(S): Wallace H. Erickson, G. Russell Means	INSP. DATE: April 2, 2014	INSP. TIME: 11:00
OPERATOR: Keystone Portfolio Management, LP	OPERATOR REPRESENTATIVE: None present	TYPE OF OPERATION: 110c - Construction Limited Impact	
REASON FOR INSPECTION: High Priority	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$1,053.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Snowing	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: April 3, 2014	

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>Y</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>NA</u>	(TS) TOPSOIL----- <u>N</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>Y</u>	(SP) STORM WATER MGT PLAN----- <u>N</u>	(SB) COMPLETE INSP----- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION----- <u>Y</u>	(RS) RECL PLAN/COMP----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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

This inspection occurred in response to a request from Mike Thompson, Reardon Steel, on behalf of a local contractor, Phil Blackford. As reported by Thompson, Mr. Blackford had commenced an excavation at or nearby Ouray and had approached Mr. Thompson with an inquiry as to the need for a reclamation permit.

Mr. Thompson and Mr. Blackford accompanied the Division to the extraction site. The excavation activity had occurred within the permit boundary of the Memphis Site and had advanced a previous excavation conducted under the permit. Mr. Blackford stated the material extraction had been authorized by the landowner, reported to be Rick Wilson. The recent excavation activity appeared to have been conducted in an orderly manner, typical of an experienced and professional contractor, and appeared to be compliant with the conditions of the permit and the applicable requirements of the Act and Rules. Affected lands appeared well maintained and stable; evidence of slumping, settling or erosion was not observed.

Mr. Blackford inquired about the conditions of the permit and specifically the boundaries of the permit. The day after the inspection, on April 3, 2014, the Division forwarded a copy of a portion of Exhibit E (map) to Mr. Thompson, illustrating the permit boundary. A copy of the map portion provided to Mr. Thompson is enclosed with this report.

The recent activity at the Memphis Site secures the permit status as Active. As such, the Permittee is not required at this time to revise the permit status from Active to Temporary Cessation, pursuant to Rule 1.13. The Permittee is encouraged to record the dates and provide a brief description of the recent material extraction on the next annual report, due February 2, 2015, as evidence of Active status.

Therefore, the material extraction site inspected on April 2, 2014, was located entirely within an area permitted for such activity and the Division at this time has no reason to believe a violation of the permit conditions, or the Act and Rules, has occurred. The Division considers this investigation to be closed.

Inspection Contact Address

John M. Clement
Keystone Portfolio Management, LP
13020 FM 1641
Forney, TX 75126

Enclosure: Portion of map, Exhibit E, dated September 14, 1997, revised October 27, 1997

Ec w/enclosure: John Clement, Keystone, jclement@classicusa.com
Mike Thompson, Reardon Steel, mt@reardonsteel.us
Russ Means, DRMS GJFO, russ.means@state.co.us

Cor.1 Truitt Placer M.S.213
Fd 2" R/C LS12457

SILVER LOCKET M.S.6891

MEMPHIS
PERMIT AREA
(2.44 Acres)

Prescriptive Power Line Easement

STOCKPILE
&
SCREENING

Permit Area to be Leve
for Building/Construction
per City of Ouray Requ.

MEMPHIS M.S.6891

Waste
Offsite

Intermittant Drainage

U.S.BELL M.S.6

