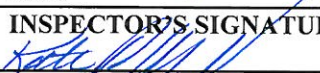




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Cross Creek Ranch	MINE/PROSPECTING ID#: M-2013-036	MINERAL: Sand & Gravel	COUNTY: La Plata
INSPECTION TYPE: Illegal(Unpermitted Operation)	INSPECTOR(S): Kate A. Pickford	INSP. DATE: May 19, 2014	INSP. TIME: 10:00
OPERATOR: John Avery – LUKE THE DUKE, LLC	OPERATOR REPRESENTATIVE: John Avery	TYPE OF OPERATION: IM - Is it Mining	

REASON FOR INSPECTION: High Priority	BOND CALCULATION TYPE: None	BOND AMOUNT: None
DATE OF COMPLAINT: May 16, 2014	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 16, 2014

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: Failure to first obtain a reclamation permit from the Mined Land Reclamation Board before engaging in a new mining operation as required by 34-32.5-109(1) C.R.S.

CORRECTIVE ACTIONS: An Is It Mining questionnaire has been included with this report. The form must be filled out and returned to the Division for review by July 10, 2013.

CORRECTIVE ACTION DUE DATE: 7/10/13

INSPECTION TOPIC: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: Failure to first obtain a reclamation permit from the Mined Land Reclamation Board before engaging in a new mining operation as required by 34-32.5-109(1) C.R.S.

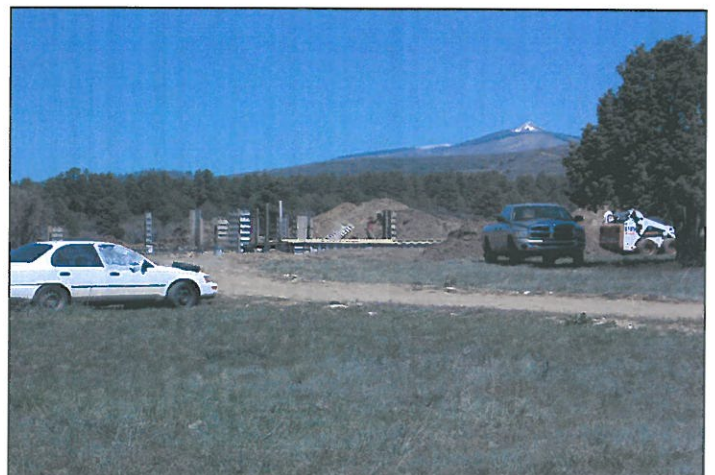
CORRECTIVE ACTIONS: This possible violation will require a hearing before the Mined Land Reclamation Board. The schedule and other details for the MLRB hearing will be provided under a separate document to be sent via certified mail to the operator.

CORRECTIVE ACTION DUE DATE: 7/30/14

OBSERVATIONS

This inspection was conducted in response to a complaint of illegal mining received by a neighbor. The condition of the site is similar to that of last year when Mr. Avery submitted an "Is It Mining" letter after the inspection conducted on June 5, 2013. The letter indicated that he was simply installing an irrigation pond and that the material was going to be used for road improvements within his subdivision. Based on the information in this letter, the Division determined that no mining permit was needed. At the time of this inspection, it appeared that the same scope of activity was present. There was a crusher on site, operated by C & J gravel, but that was the only change. Mr. Avery stated that the material was being hauled to the property across the road from the property where the activity was occurring. He stated it was being used for a foundation for a barn that Mr. Avery was building for his personal use. He said that only the piles of material that were already present would be crushed, and then the operation would be complete. Follow up investigation with the county indicated that the property to which the material was being hauled does not belong to Mr. Avery. Additionally, there is a building permit for a house on the property that was purchased by the landowner, Thomas Jeffry and Jill Layne. The county could not verify who purchased the permit for the barn, but it appeared that the foundation being built may be, in fact, for use by the land owner. Further investigation with the County indicated that Mr. Avery does not have water rights to fill the pit with water.

PHOTOGRAPHS



GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS-----	PV	(FN) FINANCIAL WARRANTY-----	N	(RD) ROADS-----	Y
(HB) HYDROLOGIC BALANCE-----	N	(BG) BACKFILL & GRADING-----	N	(EX) EXPLOSIVES-----	N
(PW) PROCESSING WASTE/TAILING----	N	(SF) PROCESSING FACILITIES-----	N	(TS) TOPSOIL-----	N
(MP) GENL MINE PLAN COMPLIANCE-	N	(FW) FISH & WILDLIFE-----	N	(RV) REVEGETATION----	N
(SM) SIGNS AND MARKERS-----	N	(SP) STORM WATER MGT PLAN----	N	(SB) COMPLETE INSP----	N
(ES) OVERBURDEN/DEV. WASTE-----	N	(SC) EROSION/SEDIMENTATION---	N	(RS) RECL PLAN/COMP--	N
(AT) ACID OR TOXIC MATERIALS-----	N	(OD) OFF-SITE DAMAGE-----	N	(ST) STIPULATIONS-----	N

Y = Inspected and found in compliance / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

Inspection Contact Address

John Avery
LUKE THE DUKE, LLC
989 CR 120
Hesperus, CO 81326