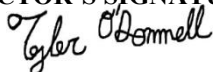




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Reclamation Pit No 1	MINE/PROSPECTING ID#: M-1977-153	MINERAL: Sand and gravel	COUNTY: Adams
INSPECTION TYPE: Monitoring	INSPECTOR(S): Tyler V. O'Donnell	INSP. DATE: May 14, 2014	INSP. TIME: 12:30
OPERATOR: Denver Water Department	OPERATOR REPRESENTATIVE: Greg Gulley	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$0.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 11, 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>NA</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>Y</u>	(SF) PROCESSING FACILITIES----- <u>NA</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>Y</u>	(SP) STORM WATER MGT PLAN---- <u>Y</u>	(SB) COMPLETE INSP---- <u>Y</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>Y</u>	(OD) OFF-SITE DAMAGE----- <u>NA</u>	(ST) STIPULATIONS----- <u>Y</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 was a normal routine monitoring inspection conducted by Tyler O'Donnell of the Division of Reclamation, Mining and Safety (Division/DRMS). Denver Water, the Operator, was represented by Greg Gulley during the inspection. The Division conducted the inspection of the Road Runner Rest Pit (DRMS File No. M-1979-195) and the Reclamation Pit No 1 (DRMS File No. M-1977-153) concurrently. The Road Runner Rest Pit and the Reclamation Pit No 1 are located approximately 2 miles south of Henderson, Colorado. The Road Runner Rest Pit is a 168.41-acre 112C permit. The Reclamation Pit No 1 is a 159.85-acre 112C permit. Both permits are currently being mined, the main commodity is sand and gravel and general fill. The approved post-mining land use for both sites is developed water resource.

The sky was overcast. The ground was mostly dry. There was a processing plant that was operational during the inspection. The processing plant was located in the northeastern portion of the Road Runners Rest pit. The Operator's representative stated that there is roughly 500,000 cubic yards of mineable material left in both pits. The Operator's representative state that the material may be excavated and used or left in the bottom of the pit. It appears that the site has been backfilled, graded, re-topsoiled and seeded. The Operator's representative stated that both permits would be in final reclamation within the next 3-5 years.

Backfilling and Grading:

The slope of the reservoir sides were sloped at 3H:1V or flatter along the majority of the reservoir. All slopes appeared to be structurally stable.

Hydrologic Balance:

The pit is located just east of the South Platte River. The bottom of the pit was mostly dry. The Division observed a seep coming though the pit slope in the south western portion of the Reclamation Pit No.1. The Operator's representative stated that slurry was built where water in the bull seep could overtop the slurry wall. The Operator's representative stated that a slurry wall would be constructed to the east, where they could increase the elevation of the slurry wall to prevent it from being overtopped. The Operator is in the process of coming up with a revised plan to relocated the slurry wall. Once a plan has been established the Operator shall provide a revised Reclamation plan and Reclamation plan map. The liner has not passed the State Engineer's Leak Test.

Gen. Compliance With Mine Plan:

All reclamation and mining activity appeared to be within the approved permit boundary.

Recl Plan/Comp:

The Operator has successfully backfilled and graded slopes to an approximate slope of 3H:1V or flatter, creating a stable land surface. It appears that the Operator has replaced the topsoil, and seeded the site.

Revegetation:

The entire site appears to have been seeded approximately 1-3 years ago. Vegetation is beginning to become established through the majority of the permitted mine site. There were a few annual weeds, various thistle and patches of cheatgrass. The Operator will need to continue to monitor and treat annual and noxious weeds if they appear in the permitted mine site. The Operator may want to consider re-seeding portions of the permitted site where desired vegetation is sparse.

Signs and Markers:

A mine I.D. sign was located at the entrance to the mine site.

CONCLUSION

This Operation has conducted a lot of reclamation work, mining is occurring along the pit floor. The slopes have been graded and revegetated. If the Operator deviates from the approved reclamation plan the permit will need to be revised, to reflect the proposed changes. Changes include minor deviations to the proposed post-mining topography, location of the slurry wall, and structures that will remain after final reclamation.

Inspection Contact Address

Greg Gulley
Denver Water Department
1600 W. 12th Ave.
Denver, CO 80204

Enclosure: Approved Reclamation plan map
M-1980-221 Performance Warranty Release

CC: Tom Kaldenbach, DRMS

PHOTOGRAPHS



Photo 1: View looking northeast, processed stockpiles in foreground.



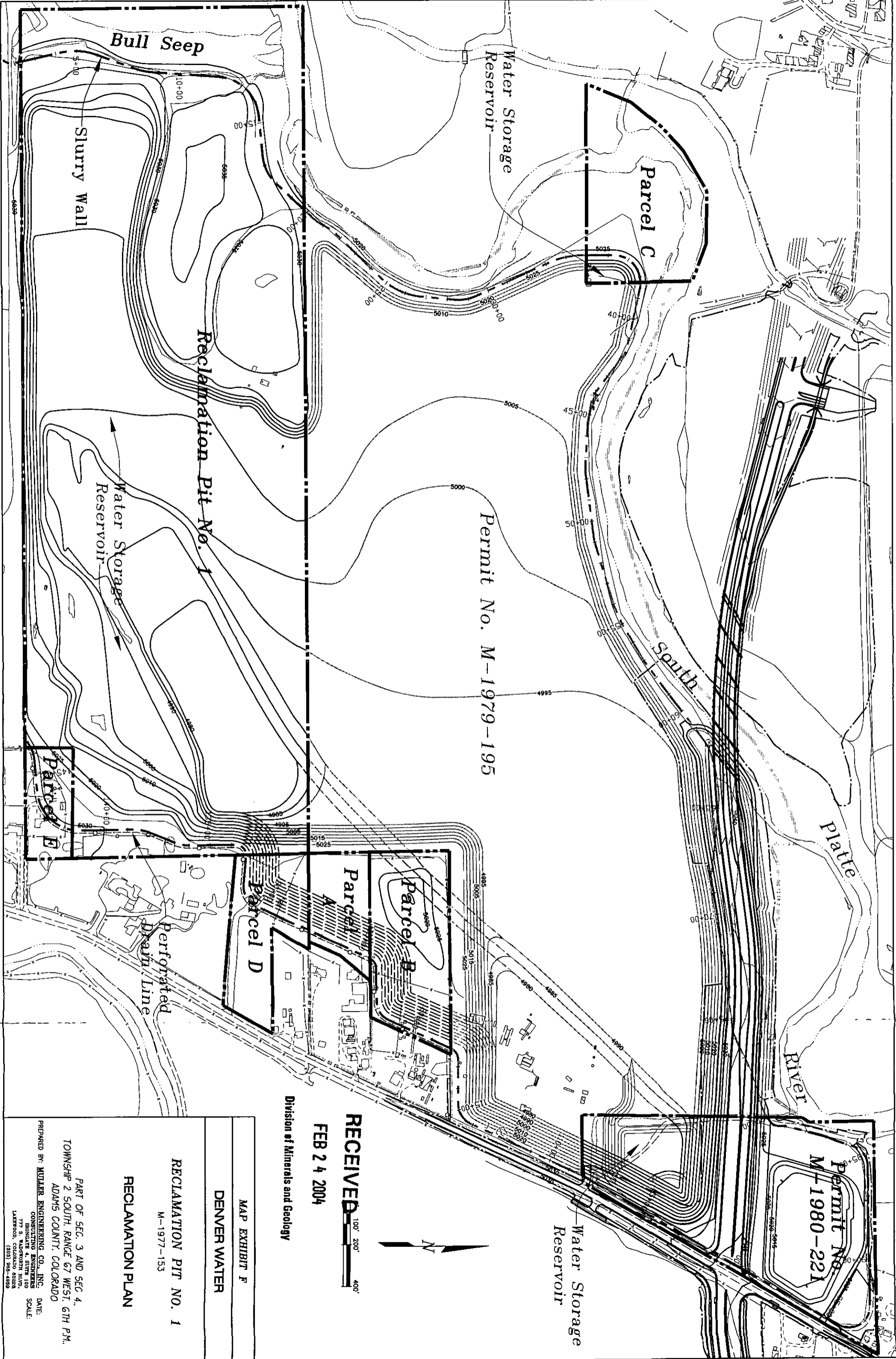
Photo 2: Seep circled in red dashed line.



Photo 3: Location of slurry wall circled in red dashed line.



Photo 4: View looking northwest, processed stockpiles on the pit floor in background.



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Division of Minerals and Geology

MAP EXHIBIT F
DENVER WATER

RECLAMATION PIT NO. 1
M-1977-153
RECLAMATION PLAN

PART OF SEC. 3 AND SEC. 4,
TOWNSHIP 2 SOUTH, RANGE 67 WEST, 6TH P.M.,
ADAMS COUNTY, COLORADO
PREPARED BY: MULLER ENGINEERING CO., INC.
CONSULTING ENGINEERS
777 S. WASHINGTON ST.
LAKESIDE, COLORADO 80224
DATE: 1/27/04
SCALE: AS SHOWN

STATE OF COLORADO

DIVISION OF MINERALS AND GEOLOGY

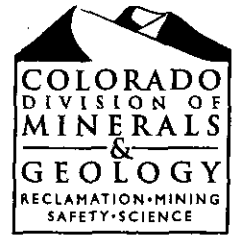
Department of Natural Resources

1313 Sherman St., Room 215

Denver, Colorado 80203

Phone: (303) 866-3567

FAX: (303) 832-8106



March 1, 2005 ✓

Mr. Mike Walker ✓
Denver Water Department ✓
1600 W. 12th Ave.
Denver, CO 80204

Bill Owens
Governor

Russell George
Executive Director

Ronald W. Cattany
Division Director
Natural Resource Trustee

Re: Henderson Industrial Pit, Permit No. M-1980-221, Performance Warranty Release, Revision No. SL-1 ✓

Dear Mr. Walker:

The Division of Minerals and Geology released the Performance Warranty for the Denver Water Department's Henderson Industrial Pit, Permit No. M-1980-221, from further reclamation responsibility on July 1, 2004. The Henderson Industrial Pit acreage was incorporated into Denver Water Department's Reclamation Pit No 1, Permit No. M-1977-153, at that time. Enclosed please find the Performance Warranty you originally provided.

If you have any questions, please do not hesitate to contact me at (303) 866-4926.

Sincerely,

Barbara D. Chiappone

for Anthony J. Waldron
Environmental Protection Specialist

Enclosure

CERTIFIED MAIL NO. 7004 1350 0001 1635 8891

Return Receipt Requested