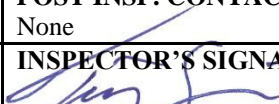




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Midway Pit	MINE/PROSPECTING ID#: M-1988-018	MINERAL: Sand and gravel	COUNTY: El Paso
INSPECTION TYPE: Monitoring	INSPECTOR(S): Timothy A. Cazier	INSP. DATE: September 25, 2014	INSP. TIME: 09:55
OPERATOR: Midway Aggregates, RLLP	OPERATOR REPRESENTATIVE: Joe Baxter & Leonard Read	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$40,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: October 7, 2015	

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 No. 1/POSSIBLE VIOLATION: Problem: The current mine and reclamation plans, as well as the affected area mine and reclamation plan maps do not reflect the observed disturbances (i.e., affected area limits) and necessary reclamation (e.g., pond reclamation and seed mix).

CORRECTIVE ACTIONS: Within 60 days of this report the Operator must submit a Technical Revision (TR) to update the mining and reclamation plans, and the Mine Plan Map and Reclamation Plan Map.

CORRECTIVE ACTION DUE DATE: 12/07/15

INSPECTION TOPIC: Availability Of Records

PROBLEM No. 2/POSSIBLE VIOLATION: Problem: No utility structures agreement for the transmission powerline on the north side of the existing pit.

CORRECTIVE ACTIONS: Within 30 days of this report the Operator must submit a notarized letter or agreement in accordance with Rule 6.4.19 addressing the potential for damage to the powerline.

CORRECTIVE ACTION DUE DATE: 11/09/15

INSPECTION TOPIC: Financial Warranty

PROBLEM No. 3/POSSIBLE VIOLATION: Problem: The financial warranty is not adequate to reclaim the site in accordance with the approved reclamation plan. This is a failure to maintain the proper financial warranty amount to complete reclamation of the affected lands pursuant to C.R.S. 34-32.5-117(4)(b) of the Act.

CORRECTIVE ACTIONS: The operator shall submit adequate financial warranty, as determined by the Division. The operator will have 60 days from the date on this report to post the additional financial warranty.

CORRECTIVE ACTION DUE DATE: 12/07/15

OBSERVATIONS

This inspection was conducted as part of the regular monitoring program. Joe Baxter and Leonard Read were present representing the Operator. This is a 112c sand and gravel mine. The mine was not operating at the time of the inspection.

The Midway Pit site is approximately 21 miles south of the city of Colorado Springs just west of I-25. Access is from exit 119.

Inspection:

Permit Boundary: The permit sign was posted at the time of the inspection (see **Photo 1**). The 126.54-acre north parcel permit boundary (see **Figure 1**) was fenced (see **Photos 2** and **3**). The limits of the maximum affected area were less obvious. **Figure 2** shows the various affected area boundaries and the current affected area (yellow outline based on a 2011 Google Earth image). It should be noted that the boundary lines shown on Figures 1 and 2 are based on maps submitted to the Division and ground features visible on Google Earth images and not based on survey data. The white boundary from Acreage Release No. 1 (AR-01) on Figures 1 and 2 is the most uncertain as this boundary was not well defined when submitted.

Pit & Permit Area: The operation consists of a large open pit with near vertical highwalls on the west end approximately 10 feet high (see **Photo 4**) and older, somewhat flatter highwalls approximately 15 feet high in the north part of the pit (see **Photo 5**).

Mining Activity: Recent mining activity appeared to have been minimal. The Operators indicated they had recently received a contract to supply material for a Colorado Springs landfill that should increase mining activity.

Reclamation: No reclamation has been performed to date (referencing the 2014 annual report). However, some areas (notably the wide west ramp) has revegetated naturally. Some tamarisk and Russian olive were observed on the pit floor (see **Photo 6**). These noxious weeds should be controlled before they are prevalent enough to be cited as a problem.

The approved reclamation plan calls for highwalls to be no steeper than 4H:1V upon final reclamation. Based on the 2011 Google Earth image and highwalls observed on site, the Division estimates approximately 3,000 feet of highwall that requires flattening to 4H:1V. A review of Google Earth images suggest these highwalls were likely not present in 1999, but were clearly visible in November of 2003 (see **Figures 4a** and **4b**).

No exposed groundwater was observed during the inspection. Three wash ponds were observed on the east end of the site (see **Figure 3** and **Photo 7**). A review of Google Earth images suggest the ponds were constructed in 2006 (see **Figures 4c** and **4d**).

Records:

- Division staff have spent a considerable amount of time reviewing the permit documents in an attempt to resolve discrepancies in the record with respect to the total permitted area and the maximum allowable affected area. The allowed affected area based on AR-01 appears to be 25.4 acres. However, the shape of the 25.4-acre map submitted for AR-01 does not appear to fit the disturbance prior to or following the 1997 approval of AR-01. In addition, the three ponds do not

appear to be addressed in the currently approved mining and reclamation plans. Finally, the original reclamation plan provided seeding rates for only two varieties of grass (Little Bluestem – Pastura at 3.5 lbs PLS/acre and Sideoats Grama – Vaughn at 4.5 lbs PLS/acre). However, the Exhibit E Reclamation Plan indicated Western Wheatgrass and Russian Wildrye were included as possible additions, but without seeding rates. The stated seed rates for Little Bluestem and Sideoats Grama yield only about 36 seeds per square foot, which is considerably low for reclamation. These discrepancies are cited as **Problem 1 on page 1 of this report.**

- The Division cannot locate a structures agreement for the transmission power line on the north side of the pit. **This is cited as Problem 2 on page 1 of this report.**
- The previous inspection was conducted 9/20/2006. No problems were cited.
- The anniversary date is August 12. Annual reports and fees are current through 2015.
- The pre- and post-mine land use is rangeland.
- The permit has two partial acreage releases, and a Technical Revision (TR-01) which are summarized in **Table 1.**

Table 1. Permit Action Summary

Permit Action	Decision Date	North Area Permit (ac)	North Area Affect. (ac)	South Area Permit (ac)	South Area Affect. (ac)	Total Area Permit (ac)	Total Area Affect. (ac)	Comments
Orig. Application	8/12/1988	154.81	52.3	417.67	21.9	572.48	74.2	Orig Exh D. states ~60 ac in north & ~25 ac in south; Exh. L seeds 60 ac. { <i>N. area 37.59 existing pit + 14.71 "future"</i> }
TR-01	12/25/1996	154.81	52.3	359.61	21.9	514.42	74.2	Changes 58.06 ac in south to tire disposal use; claims 359.61 ac left in south -OK.
AR-01	4/2/1997	126.54	25.4	98.24	13.6	224.78	39	North area "Existing pit" reduced from 37.59 to 25.4.
AR-02	11/13/2006	126.54	25.35	0	0	126.54	25.35	Released south area, transferred 13.65 ac of allowed disturbance to north area.

Current Stipulations:

- There are no open stipulations.

Bond:

There is currently a \$40,000 financial warranty (CS) for the site, which has not been revised since the original permit was approved in 1988. Only the two acreage releases have kept this discrepancy from being greater than it is. **Attachment A** presents a revised financial warranty estimate of \$64,400. **The low bond is cited as Problem 3 on page 1 of this report.**

Summary and Recommendations:

1. Three problems were cited:
 - a. The current mine and reclamation plans, as well as the affected area mine and reclamation plan maps do not reflect the observed disturbances (i.e., affected area limits) and necessary

reclamation (e.g., pond reclamation and seed mix). **Within 60 days of this report (December 7, 2015), the Operator must submit a Technical Revision (TR) to update the mining and reclamation plans, and the Mine Plan Map and Reclamation Plan Map.** The TR must include:

- i. A revised Exhibit C Mine Plan Map drawn at an acceptable scale (see Rule 6.2.1(2)(e) that reflects the maximum allowed affected area reflecting the current disturbed area, the direction of future mining, and the existing ponds;
 - ii. A revised Exhibit D Mine Plan that addresses the observed highwall mining practice (steeper than the final 4H:1V slopes) and inclusion of the observed ponds so appropriate reclamation costs can be determined;
 - iii. A revised Exhibit E Reclamation Plan reaffirming the intent to flatten highwalls to no steeper than 4H:1V, and backfilling of the observed ponds and updating the seed mix to include at least the four previously mentioned species (Western Wheatgrass, Russian Wildrye, Little Bluestem and Sideoats Grama) and their respective seed rates;
 - iv. A revised Exhibit F Reclamation Plan Map drawn at an acceptable scale (see Rule 6.2.1(2)(e) that reflects proposed final contours of the existing disturbed area and backfilling the existing ponds;
 - v. The \$216 required fee. A TR request form is enclosed for your convenience.
- b. Lack of utility structures agreement for the transmission powerline on the north side of the existing pit. **Within 30 days of this report (November 9, 2015), the Operator must submit either:**
- i. a notarized agreement between the Operator and the Person(s) having an interest in the structure, that the Operator is to provide compensation for any damage to the structure; or
 - ii. a notarized letter, on utility letterhead, from the owner(s) of the utility that the mining and reclamation activities, as proposed, will have "no negative effect" on their utility.
- c. Inadequate bond. Review the attached bond estimate and **submit the additional required bond (\$24,400) within 60 days of this report (December 7, 2015).**
2. The Division observed some tamarisk and Russian olive on the pit floor. These noxious weeds should be controlled before they are prevalent enough to be cited as a problem.

PHOTOGRAPHS



Photo 1. Permit identification sign.



Photo 2. Typical boundary fence (south side looking NW).

PHOTOGRAPHS (cont.)



Photo 3. Typical boundary fence (east side looking SW).



Photo 4. Near vertical highwalls on the west end (looking east).

PHOTOGRAPHS (cont.)



Photo 5. Flatter highwalls in the north part of the pit (looking NW) .

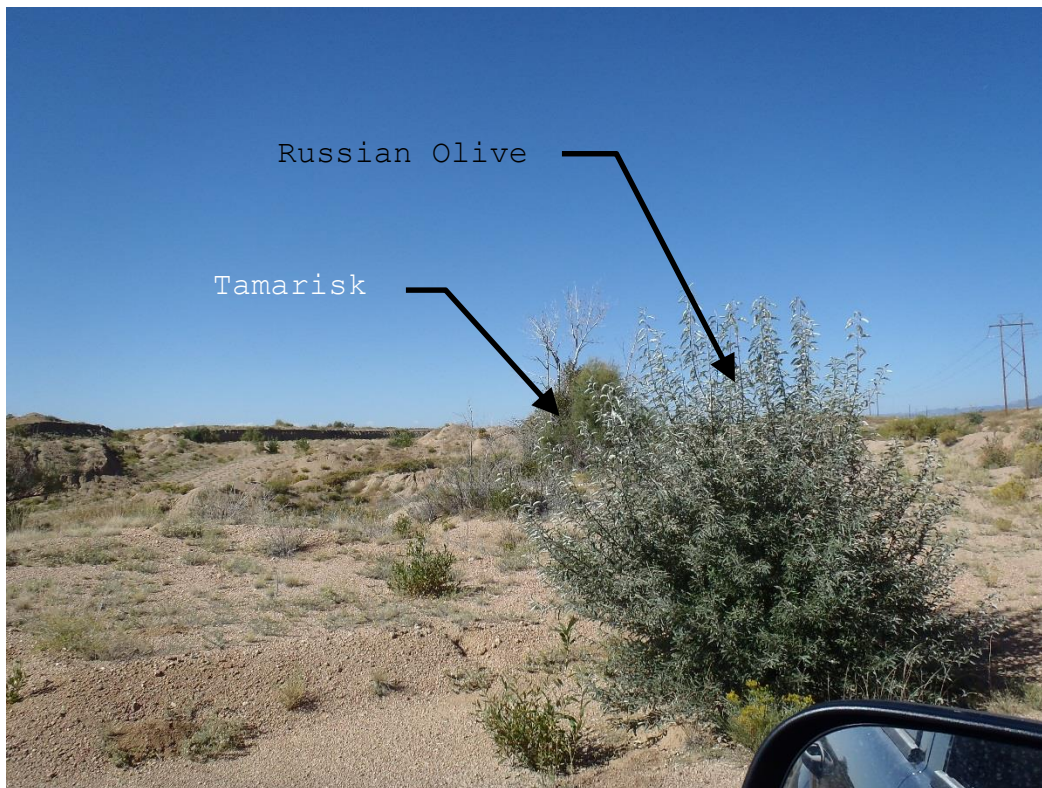


Photo 6. Tamarisk and Russian olive observed on the pit floor (looking NW).

PHOTOGRAPHS (cont.)



Photo 7. One of three wash ponds in east pit floor (looking NW).

GENERAL INSPECTION TOPICS

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

(AR) RECORDS-----	<u>PB</u> <u>(2)</u>	(FN) FINANCIAL WARRANTY-----	<u>PB</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>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>	(SW) STORM WATER MGT PLAN----	<u>N</u>	(CI) COMPLETE INSP----	<u>Y</u>
(ES) OVERBURDEN/DEV. WASTE-----	<u>Y</u>	(SC) EROSION/SEDIMENTATION---	<u>Y</u>	(RS) RECL PLAN/COMP--	<u>N</u>
(AT) ACID OR TOXIC MATERIALS-----	<u>NA</u>	(OD) OFF-SITE DAMAGE-----	<u>Y</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

Inspection Contact Address

Joe Baxter
Midway Aggregates, RLLP
P.O. Box 580
Rye, CO 81069

Enclosures

CC: Wally Erickson, DRMS
DRMS file
Leonard Read, Midway Aggregates