




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: Mid-Continent LST	MINE/PROSPECTING ID#: M-1982-121	MINERAL: Limestone (general)	COUNTY: Garfield
INSPECTION TYPE: Preoperation Inspection	INSPECTOR(S): Amy C. Yeldell	INSP. DATE: October 26, 2015	INSP. TIME: 10:00
OPERATOR: Calx Minerals, LLC	OPERATOR REPRESENTATIVE: Peter Babin and Justin Olin	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Priority	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$123,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS:	JOINT INSP. AGENCY: U.S.BLM	
WEATHER: Foggy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 12, 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: Acid And Toxic Materials

PROBLEM/POSSIBLE VIOLATION: Problem: Improper storage and containment of fuels and/or other hazardous materials was present on site.

CORRECTIVE ACTIONS: All storage tanks, petroleum and any hazardous materials on site for any period of time shall have appropriate secondary containment. The site will also have to comply with all applicable SPCC requirements. Please supply photo documentation that any fuel or hazardous materials containers are stored properly - including applicable secondary containment structures by the corrective action date. Note that secondary containment structures shall consist of an impermeable containment which could contain all contents of the tanks and various containers (when full) plus 10% of the total capacity. The operator may also provide photo documentation that all containers have been removed from the site on or before the corrective action date.

CORRECTIVE ACTION DUE DATE: 1/11/16

OBSERVATIONS

This inspection was conducted by the Colorado Division of Reclamation, Mining and Safety and the Bureau of Land Management as the result of the technical revision (TR-4) request made by CalX, the operator. The Mid-Continent LST is a 112c permitted site that includes a total of 32.78 permitted acres. This site is located approximately 1.2 miles north of Glenwood Springs, Colorado and is accessed via the Transfer Trail Road. Peter Babin and Justin Olin represented CalX. Pauline Adams and Karl Mendonca represented the Colorado River Valley Field Office BLM and accompanied Amy Yeldell and Russ Means of the Division on the inspection.

Currently the Division holds a Financial Warranty in the amount of \$122,793.00 for this site. The bond was last updated in fall of 2011. In an effort to ensure the Financial Warranty adequately reflects the actual current cost of fulfilling the requirements of the approved reclamation plan the Division will be updating the reclamation cost estimate. A copy of the staff calculations will be sent under separate cover.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. The sign is located at the entrance of the permit boundary fastened to the scale house. The permit boundary is clearly delineated by t-post with white metal caps to stand out at a distance. Two in-operational load scales were observed near the mine entrance and scale house approximately 10'x10'x10'.

The site is currently operational. Mining is progressing northeast along the highwall. Mr. Olin clarified that no blasting has occurred this year. Approximately a 600 foot long rock highwall is exposed with several narrow production benches that have been filled with material. The sluffed off material is being pushed down to the processing bench. Material is then fed into the portable plant and ejected onto the fines storage bench. Material is fed into the mill facility building via a conveyor belt system and further crushed until the desired size and then packaged for sale. The plant was not running due to a mechanical breakdown.

When touring the mill facility building options of future products and mineral use were discussed. It is noted that if changes to retrofit the plant are necessary a technical revision will need to be submitted first.

It was also discussed that the northeastern knob area has been shut down by MSHA for safety reasons. The operator will need to amend the permit boundary to access this area safely from the east side unless it can be demonstrated that access can be accomplished without major upgrades or disturbance to the available existing two track road. The operator needs to scale away the unsafe material located within their current permit boundary to comply with MSHA safety concerns. The proposed access road was visited and discussions of what all amendments would be needed. It is anticipated that this operation will not begin until spring of 2016 and only once an amendment has been approved.

Other than topsoil stabilization no reclamation was observed. The majority of surface clearing was done under the previous operator and inadequate topsoil was salvaged. The operator is encouraged to salvage any material that may be useful for reclamation. Stockpiled material is stable. All slopes in unconsolidated material are no steeper than 2:1 and stable.

Fuel was stored in a double wall tank. The majority of other hazardous materials was stored inside the mill facility building. However several 5 gallon buckets of hydrocarbons were observed in various locations throughout the fines storage bench. This is cited as a problem. The operator shall submit photo

documentation that all hazardous material has been removed and / or are now stored properly.

Heavy rain had occurred in the days prior to this inspection. Standing water was observed and Mr. Olin was reminded of the 72 hour rule. He was also advised to clean out and armor the various stormwater BMPs to avoid future problems. This is not cited as a problem at this time since no failure has occurred yet, however if ignored a failure resulting in offsite damages is likely.

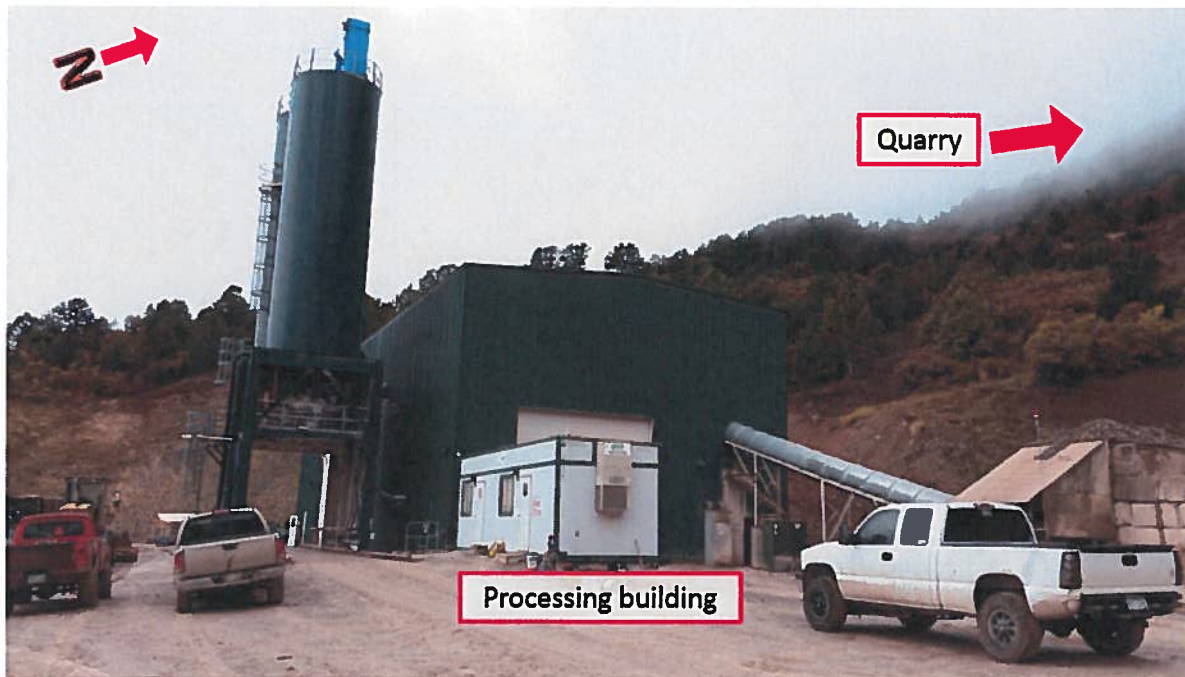
This inspection was primarily to familiarize staff with the site and better understand the implications of TR-4 which requested; use of portable asphalt and concrete batch plants, washing of material and use of flocculent to recirculate water, drilling of a well to provide water for the previously mentioned activities and the use and import of inert fill material. In previous discussions it was made known that the BLM had objections to requests made under TR-4. DRMS had sent an adequacy letter to the operator requesting additional information. Additionally BLM sent a letter to DRMS and the operator clarifying that even with DRMS approval the operator would need BLM approvals prior to commencing any of the activities falling under TR-4.

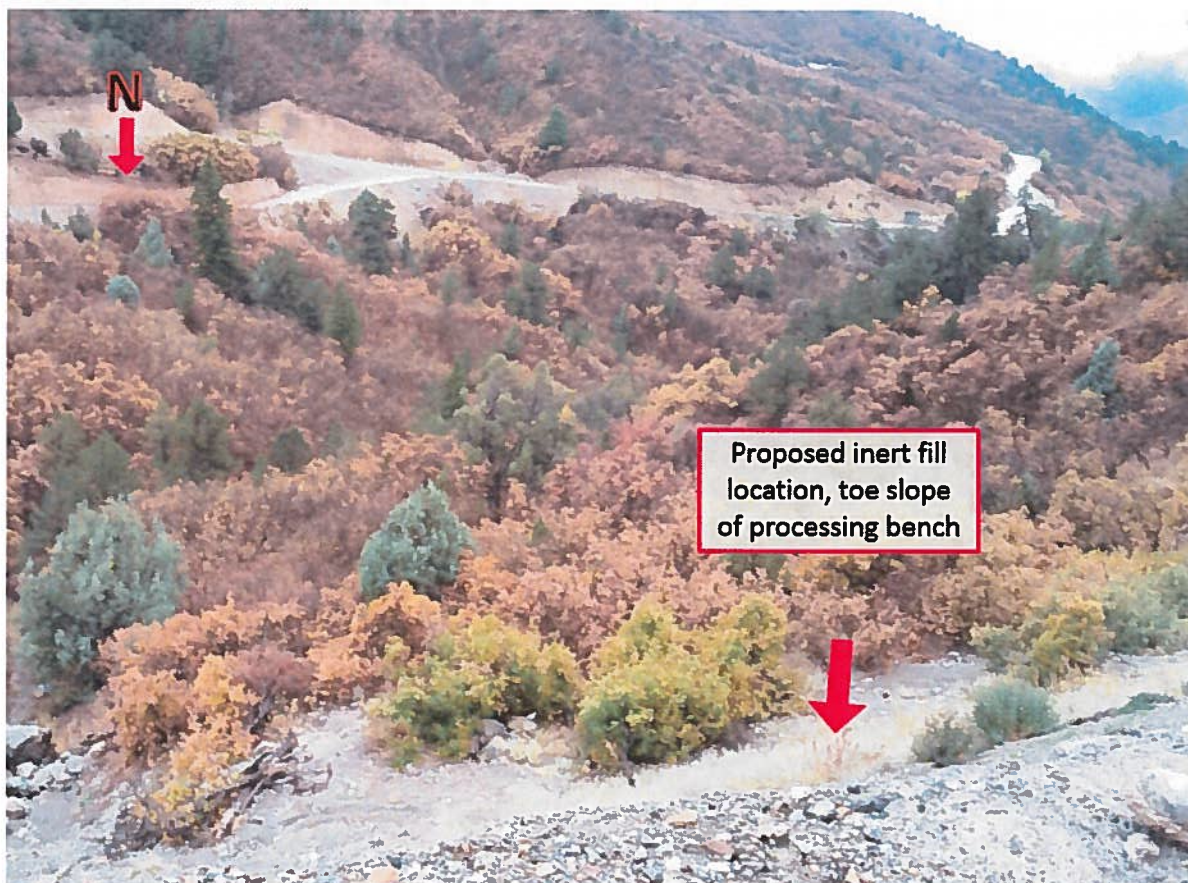
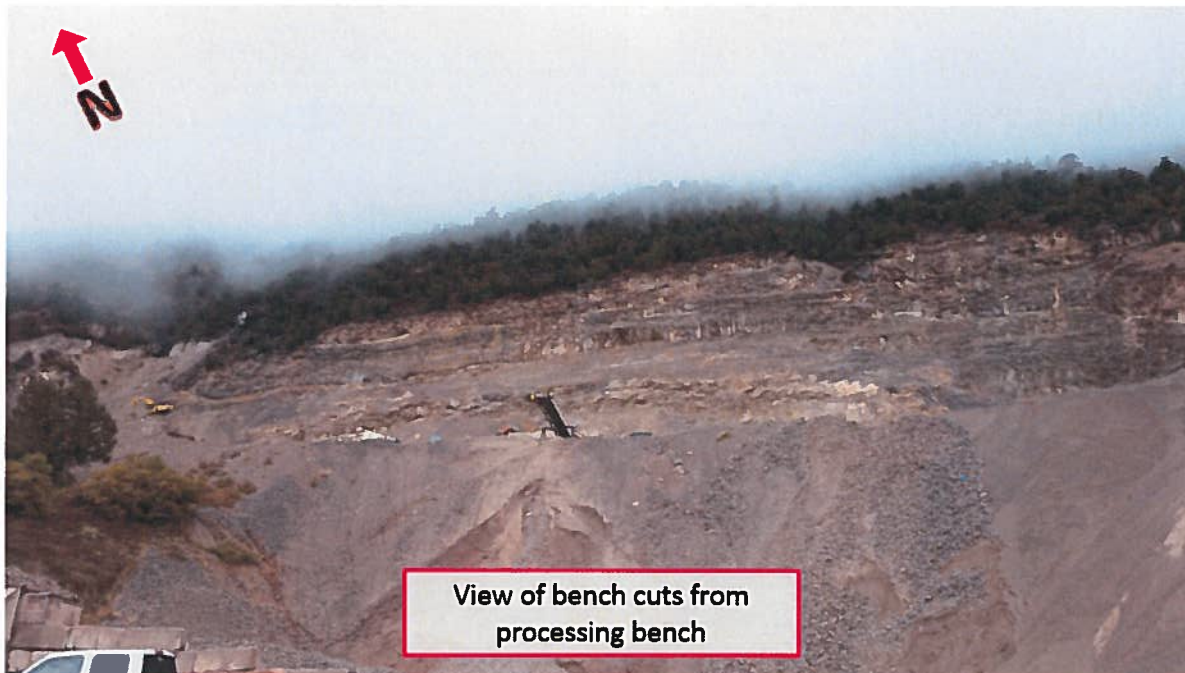
During the inspection Mr. Babin clarified that CalX would be withdrawing the request for use of additional portable equipment, washing of material and a well, as BLM approval was unlikely at this time. It was unclear if the inert fill portion of the request would also be withdrawn at the time of the inspection. The operator needed addition information from their contractor prior to making that decision. Cal-X was advised to either ask for an extension on the adequacy items if information was obtainable in the near future (90 days or less) or to withdraw the TR entirely and re-request at a later date when the necessary information was available. The initial decision due date was set for November 2, 2015. On November 1, 2015 the Division received the withdrawal request from CalX which was accepted.

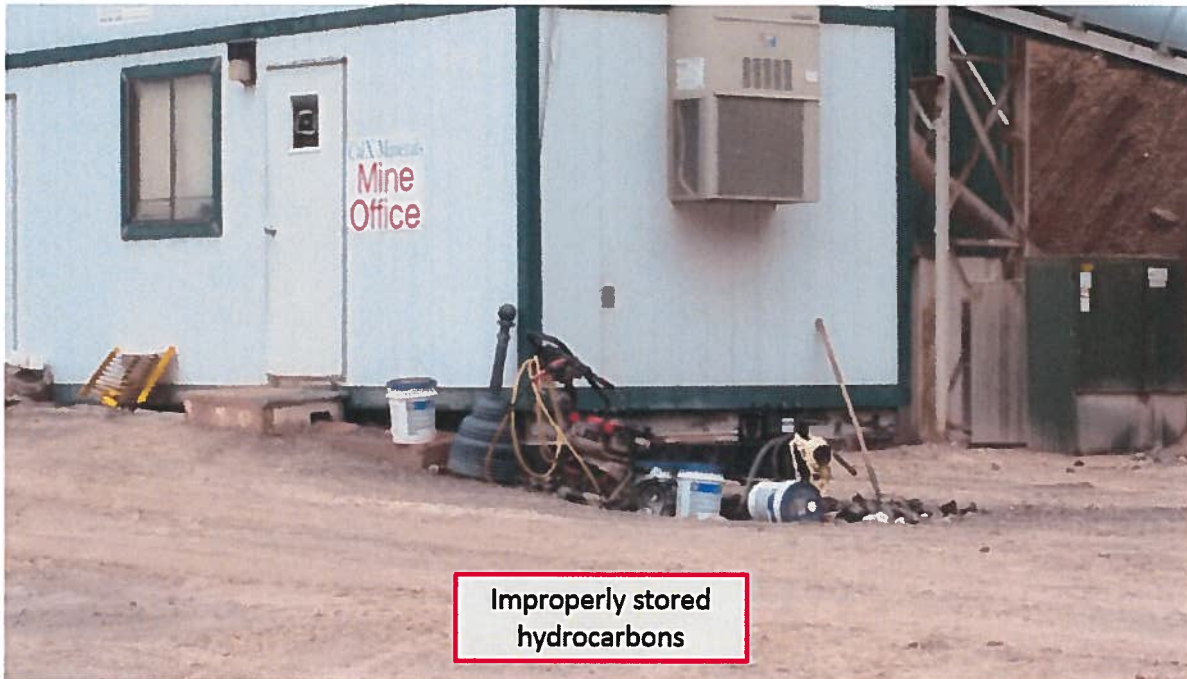
Responses to this inspection report should be directed to: Amy Yeldell at the Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. Direct contact can be made by phone at 970-254-8511 or via email at amy.yeldell@state.co.us

PHOTOGRAPHS













GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>N</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>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>PB</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

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Enclosure

Ec:

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