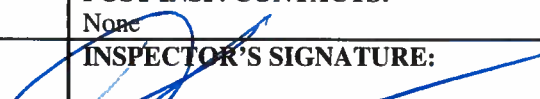




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Jesse Lee	MINE/PROSPECTING ID#: M-1984-043	MINERAL: Sand and gravel and	COUNTY: Chaffee
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin M. Czapla	INSP. DATE: November 4, 2015	INSP. TIME: 08:00
OPERATOR: Pelino, Inc.	OPERATOR REPRESENTATIVE: Scott Pelino	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$54,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 17, 2015

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>N</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</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>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>N</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 was conducted as part of the Division of Reclamation, Mining and Safety's (Division) normal monitoring program. Scott Pelino, representing the Operator, was present during this inspection. Photographs are included with this report in order to illustrate some of the conditions observed.

The Jesse Lee Pit is located approximately 3.5 miles south of Buena Vista and accessed from Hwy 285. The site is a 112c operation that includes a total of 16.4 permitted acres. The Division currently holds a financial warranty amount of \$54,000.00 for this site. The Division has reviewed the reclamation costs, in order to ensure the financial warranty reflects the actual current cost of fulfilling the requirements of the Reclamation Plan, and determined that the current financial warranty amount is adequate.

Adequate mine identification signage was noted at the entrance to the site.

The affected area was marked by fencing that was clearly visible and adequate to delineate the affected area boundary.

The west portion of the permit area contains the scale and scale house, various materials stockpiles, and miscellaneous equipment. This area is a level bench located above the pit area. The active mining/operating area is located in the east portion of the permit area. Since the Division's last inspection the highwall has advanced slightly to the south and west. Groundwater seeps through the highwall at several locations but is not impounded due to a diversion ditch maintained at the base of the highwall, which directs the water around the pit into the sediment ponds to the south, and ultimately into the Arkansas River. The south portion of the permitted has been reclaimed with vegetation well established.

Common mullein was noted along the pit access road. The weeds were dead during this inspection, but the operator should be reminded to treat this noxious weed when it returns next year.

No other problems or violations were noted during this inspection.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

Inspection Contact Address

Scott Pelino
Pelino, Inc.
P.O. Box 5049
Buena Vista, CO 81211

PHOTOGRAPHS

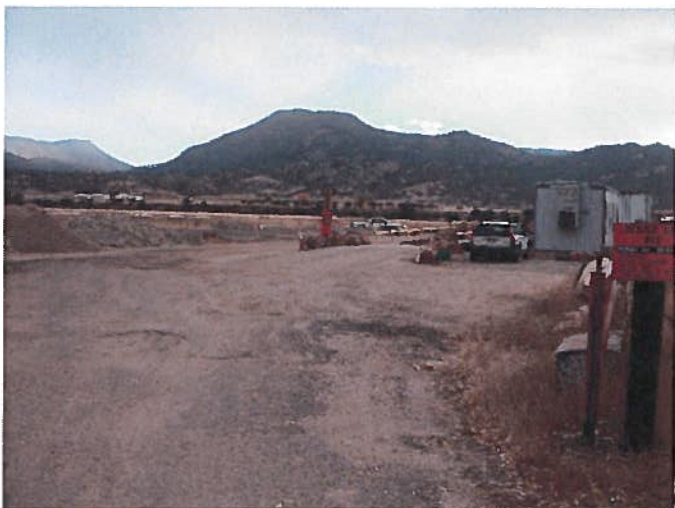


Figure 1: Upper bench area



Figure 2: Upper bench area



Figure 3: View of the pit from the access road



Figure 4: View of the pit from the access road



Figure 5: Diversion ditch placed at the base of the highwall



Figure 6: Reclamation area and sediment ponds.