




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.

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|---|--|--|-----------------------------|
| MINE NAME: Wand Pit | MINE/PROSPECTING ID#: M-2010-007 | MINERAL: Gravel and sand | COUNTY: Moffat |
| INSPECTION TYPE: Monitoring | INSPECTOR(S): Amy C. Yeldell | INSP. DATE: October 29, 2015 | INSP. TIME: 12:30 |
| OPERATOR: Northwest Aggregates, Inc. | OPERATOR REPRESENTATIVE: Steve Baker | TYPE OF OPERATION: 112c - Construction Regular Operation | |
| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: Complete Bond | BOND AMOUNT: \$111,828.00 | |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None | |
| WEATHER: Cloudy | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: November 25, 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/POSSIBLE VIOLATION: Problem: The Division has no evidence that the operator has a valid well permit, substitute water supply plan, or approved water augmentation plan for the exposed groundwater at the site. This is a problem related to 34-32.5-116(4)(h) of the Colorado Revised Statutes and 3.1.6(1)(a) of the Construction Materials Rules and Regulations governing injury to existing water rights.

CORRECTIVE ACTIONS: The operator shall demonstrate that the operation is in compliance with the Office of the State Engineer, show evidence that the operator is taking measures to bring the site into compliance with the SEO, or backfill the pits to at least two feet above the groundwater surface by the corrective action date specified.

CORRECTIVE ACTION DUE DATE: 1/25/16

OBSERVATIONS

This inspection was conducted as part of the Colorado Division of Reclamation, Mining and Safety normal monitoring program. The Wand Pit is a 112c permitted site that includes a total of 107 permitted acres with a maximum disturbance of 32 acres at any given time. Approximately 12 acres is currently disturbed. It is located approximately 2 miles east of Craig, CO. The site is accessed from Highway 40 through the Northwest Aggregates, Inc. concrete plant. Steve Baker represented Northwest Aggregates, Inc. and accompanied Amy Yeldell of the Division on the inspection.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. A wire fence delineates the majority of the permit boundary and the Yampa River delineated the rest. The sign is posted at entrance of the pit.

No fuel is stored or permanent structures have been constructed within the permit limits. All equipment is portable and ran from generator.

The site was active at the time of the inspection. All material has been previously excavated and already crushed. Stockpiled material is now being screened and washed. Mr. Baker indicated that enough material has been excavated to last approximately 2 years before new excavations would commence. Northwest Aggregates, Inc. will continue to process stockpiled crushed material to supply the adjacent cement batch plant as demand deems necessary.

The operation is still confined to the phase 1 area, and is moving north.

One main stockpile of raw crushed material is located in the northern portion of phase 1 and is approximately 30 ft. tall. A few smaller piles of fines are located near the pit entrance. There is a small sediment pond to the east to the stockpile storage area resulting from excavations.

The permit requires a 50 ft. wide buffer between the pit and the Yampa River. Due to hydrologic forces the berm has been thinned to less than 50 ft wide. This site is approved for inert fill. Cement chunks were placed along the river side to make the berm less erosive and it seems to be more resilient as indicated by Mr. Baker. Currently the berm appears to be stable and at this time the less the 50ft wide buffer is not cited as a problem. Widening the berm would likely require additional disturbances and result in more harm than good. If the berm appears to be thinning the operator shall notify the Division and take corrective actions. The Division would also like to remind Northwest Aggregates, Inc. that the Division is to be notified immediately upon a breach or capture.

It was indicated that the phase 1 (110) pond shaping to meet Army Corps of Engineers requirements is complete. The operator is in the process of adding the island to meet the final requirement. In correspondence with Kara Hellige of the CORP,(or ACOE) the overall conceptual plan has informally been approved. The Division is lead to believe that the completed shaping meets this plan. To date no plan has been formally approved as there are a still a few details that need finalized. Once the CORP plan has been approved the operator shall submit the approved plan in the form of a technical revision; revising their reclamation plan and maps to address the above mentioned requirements.

The north highwall of the phase pond is approx. 400 ft. long and is 10 ft. above and 10 ft. below the static water level. It has nearly 1:1 slopes, and future excavations will continue in this area. The eastern pond bank which makes up the river buffer berm is sloped to 1.5:1. The south and west pond banks are graded properly to a 3:1 slope. The southwest corner is the area being addressed by the CORP mitigation plan. Approximately 3 acres in the southwest corner will likely not be mined due to wetland restriction. The main pond is approximately 5 acres.

The Division only has record of the gravel well pit permit application included with the 112c permit application. This is cited as a problem. Please provide the Division with the issued permit from the State office of Engineer by the corrective action date. Be advised that failure to provide proof of water rights may result in the Division having to bond for backfilling in any areas with exposed ground water which would result in a significant increase to the current bond held.

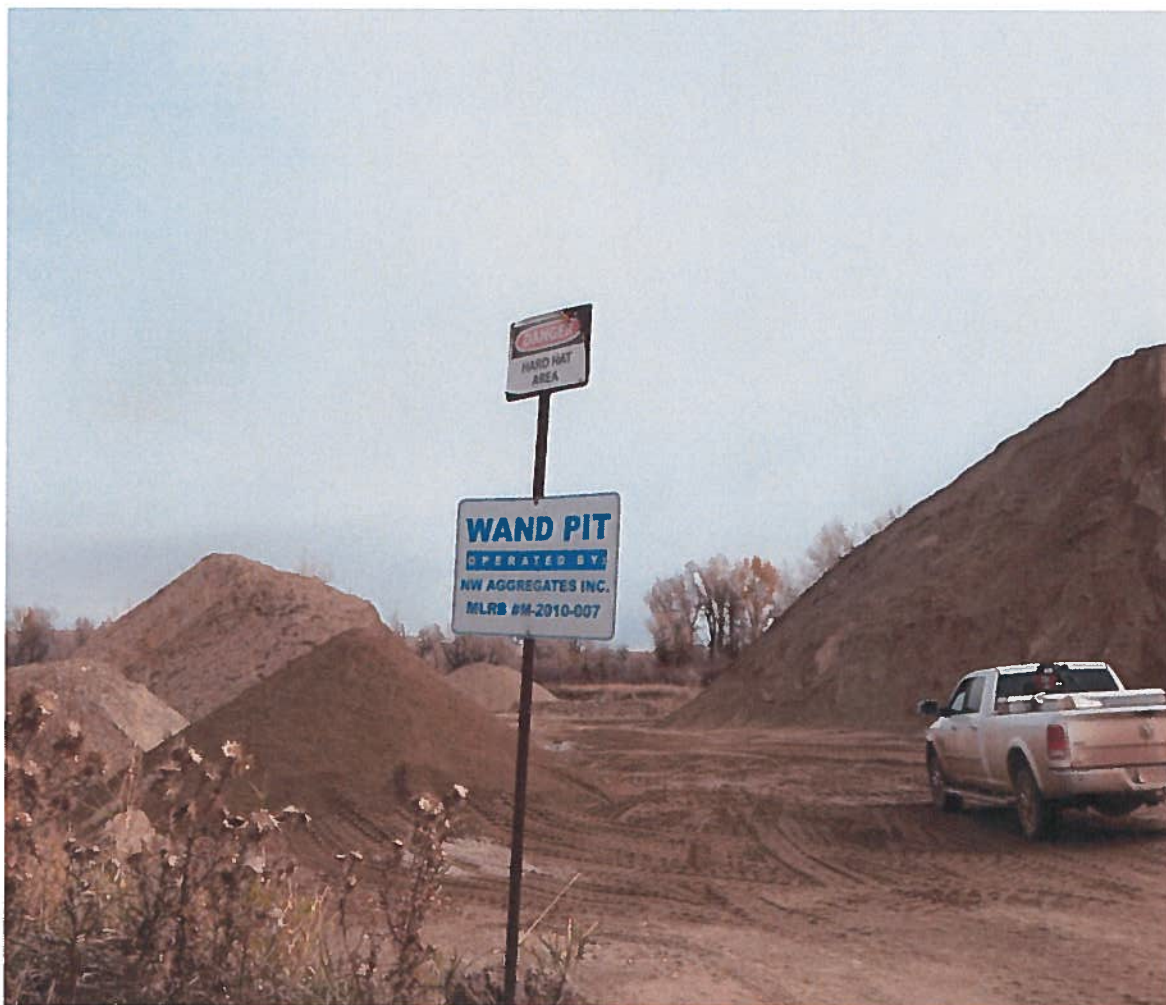
To date the recently regraded areas have not been seed yet. Discussions with the operator indicated that it was their goal to seed this fall. The majority of the 107 acre site remains undisturbed. All slopes and stockpiled areas stable with no erosion.

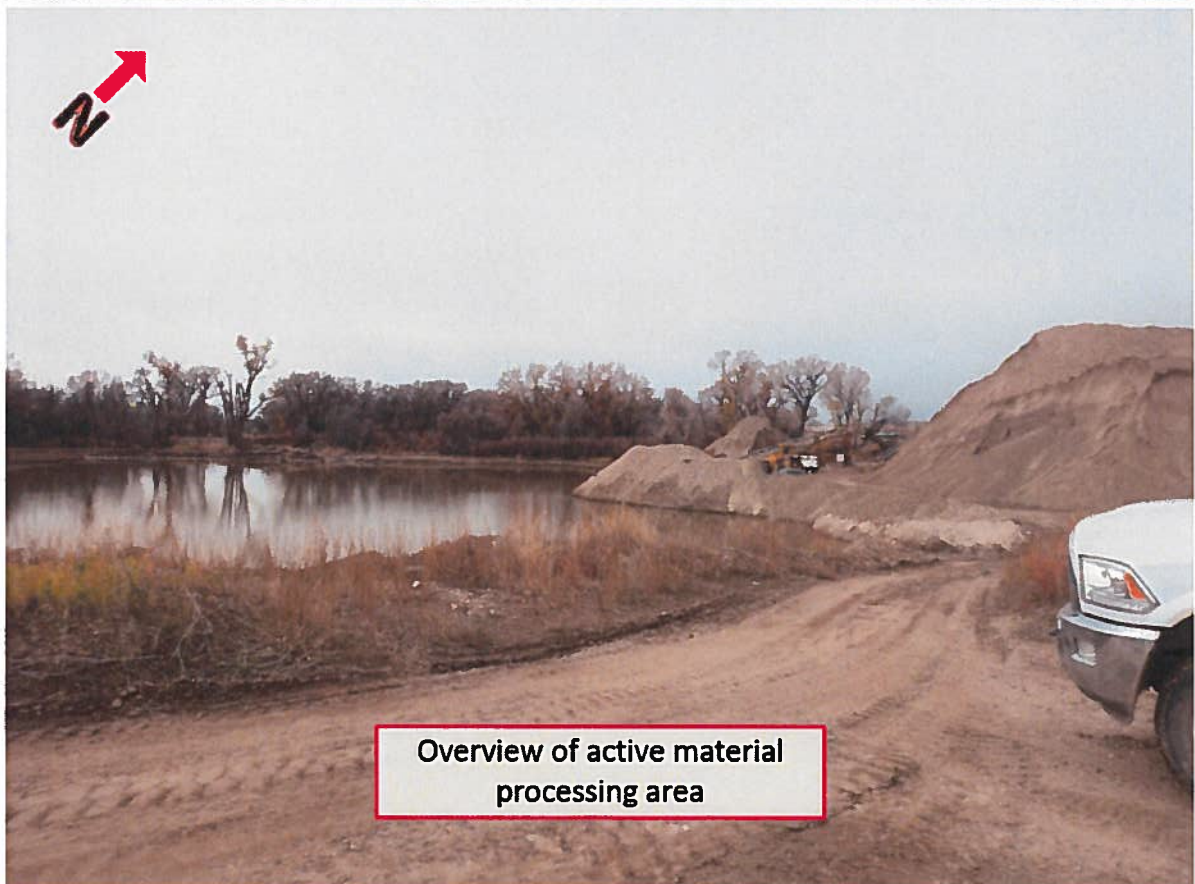
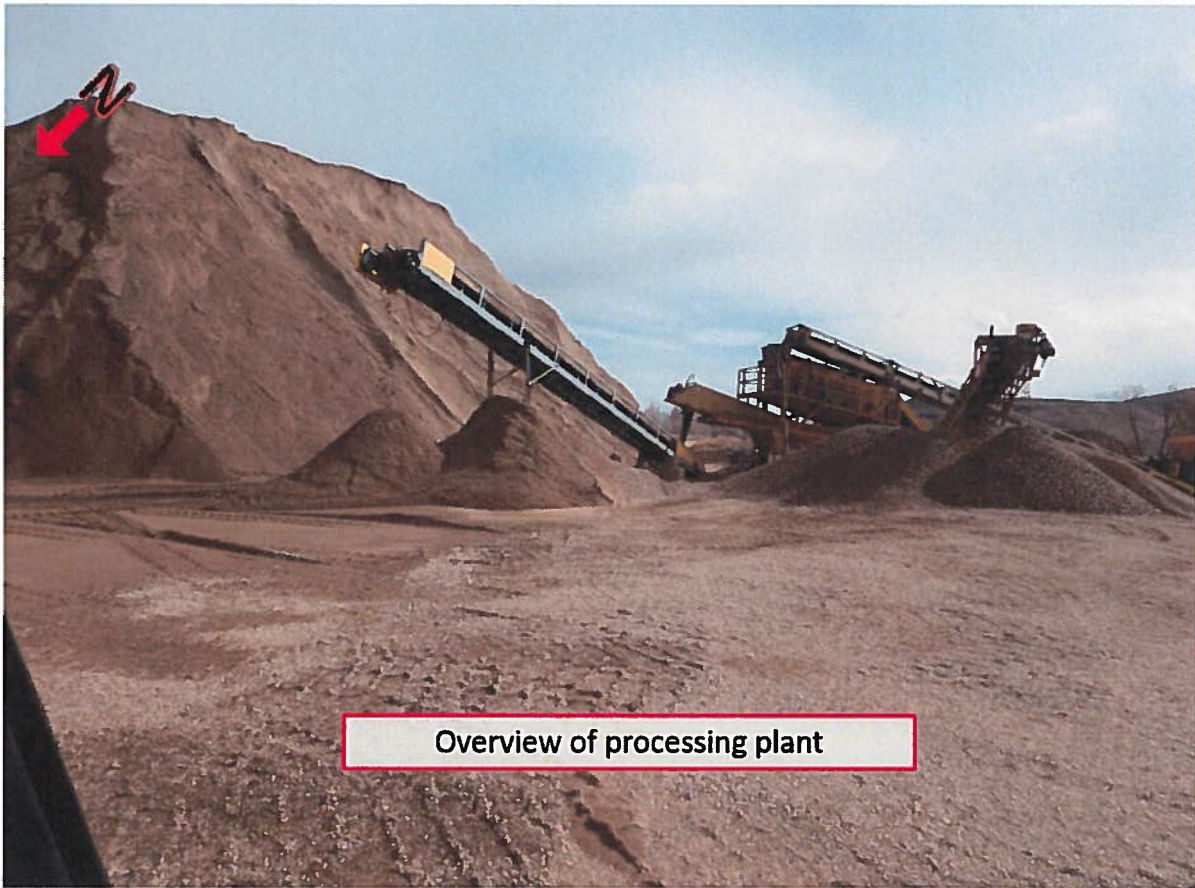
Weeds were observed, it is too late in the fall to treat them effectively at this time. The approved reclamation plan states "Weeds will be sprayed on an as needed basis as to prevent weed infestation of areas of the proposed mine area." If the operator continues to inadequately address infestations of noxious weeds on their site this may result in findings that the operator has failed to comply with their approved permit. The operator is strongly encouraged to more aggressively manage weeds, specifically thistle.

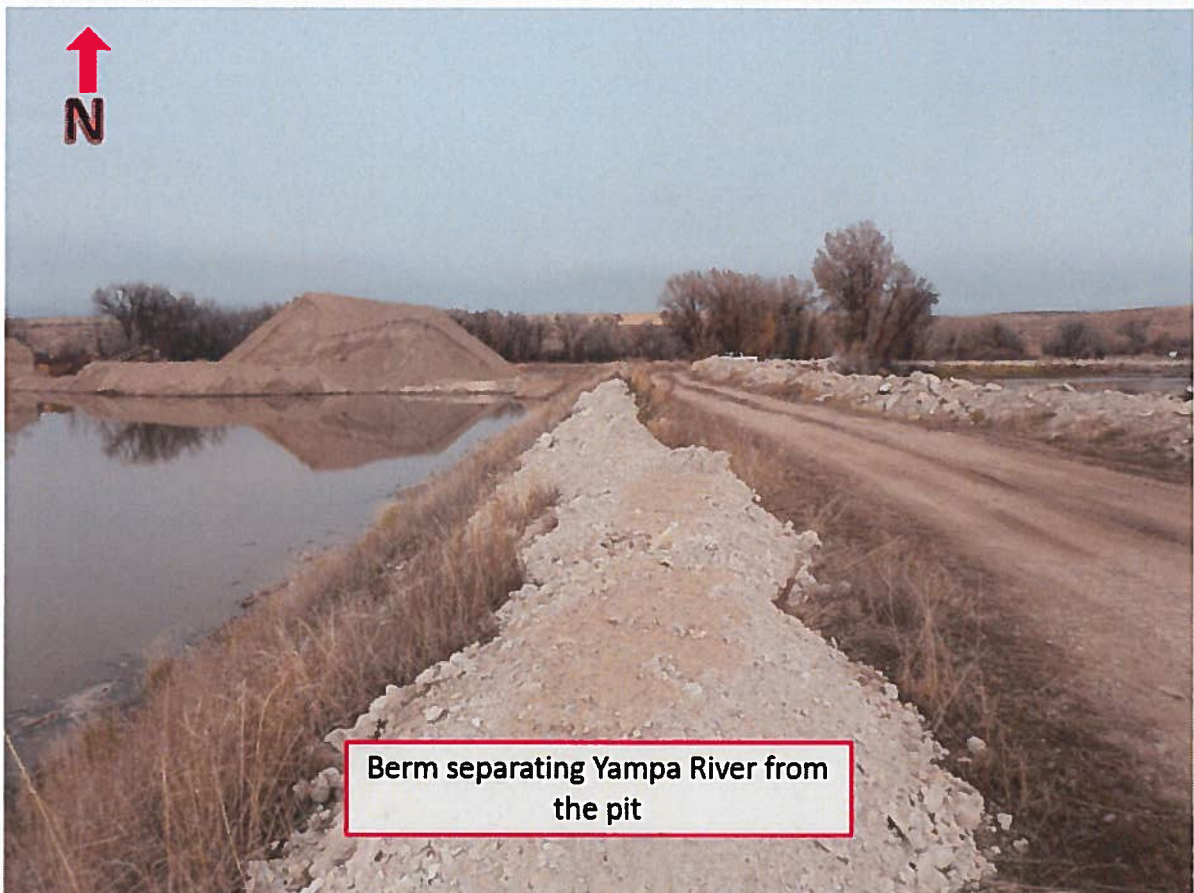
In an effort to ensure the Financial Warranty adequately, reflects the actual current cost of fulfilling the requirements of the approved reclamation plan the Division will be updating the reclamation cost estimate. Based on reclamation progress observed the bond currently held by the Division in the amount of \$111,828 is adequate.

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

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| (AR) RECORDS----- <u>PB</u> | (FN) FINANCIAL WARRANTY----- <u>Y</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>N</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>N</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>Y</u> | (RS) RECL PLAN/COMP-- <u>Y</u> |
| (AT) ACID OR TOXIC MATERIALS----- <u>NA</u> | (OD) OFF-SITE DAMAGE----- <u>NA</u> | (ST) STIPULATIONS----- <u>N</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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2930 E. US Hwy 40,
Craig, Co 81625

Enclosure

EC:

Russ Means, Senior EPS / Field Office Supervisor, Grand Junction DRMS
Kara Hellige, Chief, Durango Regulator Office, US Army Corps of Engineers