




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: Pikeview Quarry	MINE/PROSPECTING ID#: M-1977-211	MINERAL: Limestone (general), granite, and dolomite	COUNTY: El Paso
INSPECTION TYPE: Monitoring	INSPECTOR(S): Timothy A. Cazier	INSP. DATE: May 14, 2015	INSP. TIME: 13:00
OPERATOR: Continental Materials Corporation	OPERATOR REPRESENTATIVE: Chris Usry & Mac Shafer	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: High Priority	BOND CALCULATION TYPE: None	BOND AMOUNT: \$4,226,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: February 23, 2016

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>N</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>Y</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>Y</u>	(SW) STORM WATER MGT PLAN---- <u>Y</u>	(CI) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</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>N</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 prompted by a May 12, 2015 email notice from the Operator that a slide had occurred in the pit on the morning of May 11, 2015. Present for the inspection were: Tim Cazier, representing the DRMS and Mr. Chris Usry, representing the Operator (Continental Materials Corporation). This inspector met with Mr. Mac Shafer, also representing the Operator on site after the inspection. The Division followed up this inspection with an aerial inspection on June 26, 2015.

Basis for Inspection:

The email notification stated "In the two weeks prior to May 9th [they] received between 13 and 15 inches of rain at the Pikeview Quarry, based on reports from local reporters and Weather Underground. With the area above the quarry still not having much vegetation since the forest fires, [they were] also getting a pretty fair amount of runoff from the drainages located above the quarry." In addition, the email described the slide as follows: "at about 6:45 AM a portion of the toe in the rubble area slid out from the base of the scarp. At the top of the quarry the "Widows Peak" that we have been hoping would relieve itself, finally did. We had not buttressed this area specifically so that this might occur and it is why the phasing was moved to the south end to start. "

The email notice also described some drainage system mitigation efforts underway necessary to deal with access road and culvert problems resulting from the excessive rains.

Inspection:

The portion of the slide that moved can be seen by comparing a photo taken by the DRMS on May 10, 2010 (**Photo 1**) with a photo taken during this 2015 inspection (**Photo 2**). **Photo 3** shows the toe of the slide area, including the sediment pond at the toe. Meteoric water was observed entering the upper portion of the pit as runoff or expression from shallow seeps (**Photo 4**).

The mine appeared to be operating in accordance with the modified mining plan approved by the DRMS as part of Amendment 3 in 2013.

Explosives:

Mine personnel verified blasting is performed by Buckley Powder Co.

Roads:

Some minor erosion was observed on access roads as a result of the heavy rains. Regular maintenance activity and the planned drainage mitigation was expected to control erosion.

Storm Water MGT Plan:

No oil or fuel spills were observed.

Availability of Records:

The previous inspection was conducted on September 26, 2012. The report for this inspection is missing from Division records. Mr. Shafer was asked if he could provide the Division with a copy of the 9/26/12 inspection report.

Post-Inspection Meeting:

This inspector met with Mr. Shafer after touring the pit area. Mr. Shafer indicated Continental Materials had arranged for a drone to fly the area on May 15, 2015 and the data obtained was going to be used by Norwest for analysis. Mr. Shafer indicated the Division would receive a copy of the analysis.

June 26, 2015 Aerial Inspection:

Photos 5, 6 and 7 show the slide and the mine site from an aerial perspective on June 26, 2015.

Summary:

1. Based on the site inspection and discussions with mine personnel, it appears the mine is operating within its permit requirements.
2. If Continental Materials has a copy of the Division's September 26, 2012 inspection report, please email a copy to tim.cazier@state.co.us or mail a hard copy to the Division at:
Division of Reclamation, Mining and Safety
Attn: Tim Cazier
1313 Sherman St, Room 215
Denver, CO 80203
3. The DRMS has not yet received the report that was expected to be generated from data to be obtained from the drone flight scheduled for May 15, 2015. Please provide the DRMS with the analysis from Norwest.

Please contact Tim Cazier (303-866-3567, ext. 8169) if you have any questions regarding this report.

PHOTOGRAPHS



Photo 1. Slide/scarp from May 10, 2010 inspection.



Photo 2. Slide/scarp from current inspection.

PHOTOGRAPHS (cont.)



Photo 3. Toe of the slide area, including the sediment pond (looking south).



Photo 4. Water entering pit at top of highwall – near center pit (looking SW).

AERIAL PHOTOGRAPHS



Photo 5. Aerial - Pit area (looking SW).

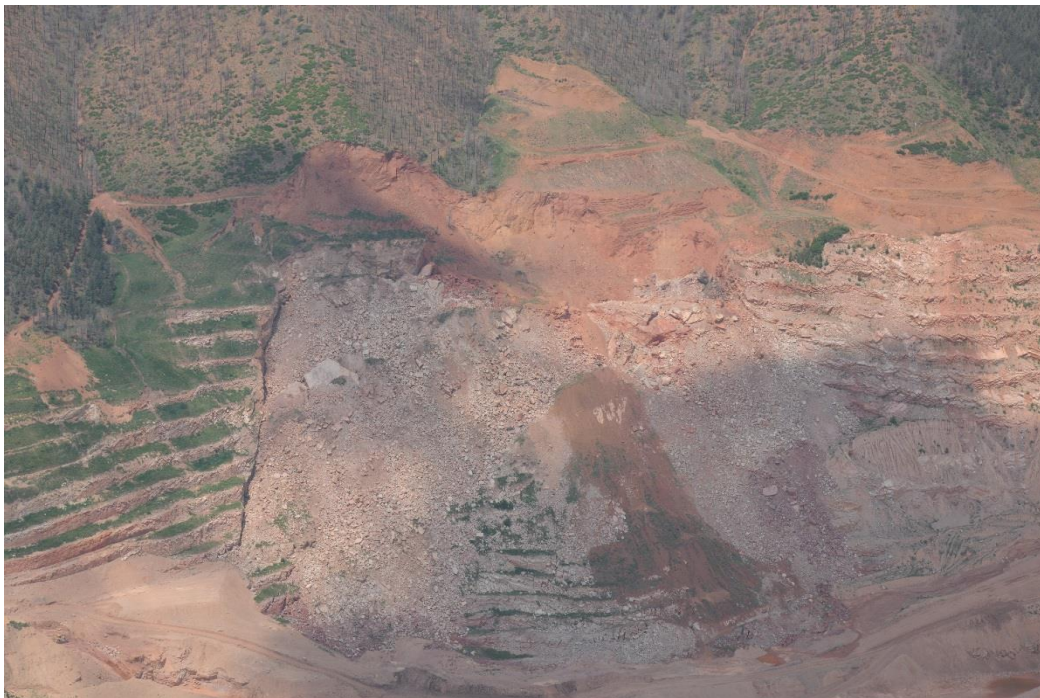


Photo 6. Aerial close-up – Slide and scarp area (looking west).

AERIAL PHOTOGRAPHS (cont.)



Photo 7. Aerial - Pit area (looking NW).

Inspection Contact Address

Mac Shafer
Continental Materials Corporation
444 E. Costilla
Colorado, CO 80903

EC: Wally Erickson, DRMS
DRMS file