




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: Western Sugar Project	MINE/PROSPECTING ID#: M-2010-049	MINERAL: Gravel and sand	COUNTY: Weld
INSPECTION TYPE: Preoperation Inspection	INSPECTOR(S): Peter S. Hays	INSP. DATE: February 19, 2016	INSP. TIME: 09:00
OPERATOR: Varra Companies, Inc.	OPERATOR REPRESENTATIVE: Brad Janes, Garrett Varra	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Pre-Operation Inspection	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$292,210.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: February 25, 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>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SW) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</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>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</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 was a pre-operational inspection of the Western Sugar Project conducted by Peter Hays with the Division of Reclamation, Mining and Safety (Division/DRMS) for amendment application No. 1 (AM-01). Mr. Brad Janes and Mr. Garrett Varra with Varra Companies, Inc. were present during the inspection.

The 112c construction materials permit amendment application (AM-01) was received by the Division on December 8, 2015. The application was deemed complete on December 16, 2015. The current decision due date is March 15, 2016. The Applicant published public notice as required by Rule 1.6.2(d) for four consecutive weeks. The public comment period for the application ended on February 4, 2016 according to the Operator. The Division has not received the proof of newspaper publication from the Operator to verify the end of public comment date. No objections were received by the Division. The Division mailed the Applicant the amendment application adequacy letter on February 5, 2016. The notice sign was observed at the entrance gate during the inspection as required by Rule 1.6.2(b).

The permit amendment application proposes to change the post mining land use from industrial/commercial to developed water resource by the installation of clay liners in the four (4) mining tracts (A-D). The mine plan is not changed by the proposed amendment application.

The Division currently holds a financial warranty in the amount of \$292,210.00. The Applicant decreed water rights to the Office of the State Engineer (SEO) to address the long-term augmentation responsibility at the site. An increase in the financial warranty is not expected as part of the amendment application, but will be evaluated by the Division as part of the adequacy review process.

The Western Sugar site is approved for 102.18 total permit acres. The amendment application does not add acreage to the permit. The site operation and layout remains consistent with the approved permit. The site was active during the inspection. Mining excavation, material processing and hauling of material was observed during the inspection. The site was being dewatered and dry mined. The approved Mining Plan states the active highwalls will be mined to 1.25H:1V slopes. The approved Reclamation Plan states slopes above the anticipated final water level of the basins and within 10 feet below the anticipated final water level of the basins will be graded at 3H:1V or flatter. Slopes below 10 feet from the anticipated final water level of the basins may approach 2H:1V.

Tract A contained the processing plant and product stockpiles. A portable concrete batch plant was being assembled in the southwest corner of the Tract. The Operator must provide the Division with a copy of the approved Weld County Building permit for the batch plant. A concrete foundation was constructed for the batch plant. The amendment application must address the financial warranty implications associated with the removal of the foundation as part of the financial warranty estimate for the amendment application.

Mining excavation in Tract B is complete and reclamation is progressing. The Operator stated the clay liner for the Tract is complete, but the required SEO testing has not been completed. The reclaimed slopes appeared to be 4H:1V or flatter and appeared stable. No erosion features were observed. Stockpiles of topsoil amended with manure were observed around the perimeter of the Tract. The approved Reclamation Plan states six (6) inches of topsoil will be replaced at the site. The plan does not mention the amending of onsite topsoil with manure. The Applicant must revise the Reclamation Plan as part of the amendment application to address the manure amendment.

Mining excavation was occurring in Tracts C and D. The tracts were being dewatered and the perimeter slopes appeared to be 1.5H:1V. The excavation in Tract D appeared to be close to completion. The Operator estimates approximately 5 years of material remain in Tracts A, C and D, based on current sales.

The Operator stated they had recently sold the property west of Tract B and retained an access easement from Ash Street. The Division requests the Operator provided a copy of the easement agreement for the Division's file.

Photographs taken during the inspection are attached. The issues mentioned in this report will be sent to the Applicant in an adequacy letter.

Inspection Contact Address

Mr. Brad Janes
Varra Companies, Inc.
8120 Gage Street
Frederick, CO 80516

Cc: Wally Erickson, DRMS

PHOTOGRAPHS



Western Sugar mine sign at Ash St. entrance



Western Sugar AM-01 Notice sign at Ash St. entrance



Looking NE from SW corner of Tract B



Looking north from SW corner of Tract B



Looking south from NW corner of Tract C



Looking SE from NW corner of Tract C



Looking east from NW corner of Tract C



Looking NE from SW corner of Tract D



Looking east from SW corner of Tract D



Looking NE from south side of Tract A



Looking north from south side of Tract A



Looking NW from south side of Tract A