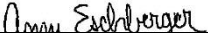




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Rough Cut Pit	MINE/PROSPECTING ID#: M-2001-033	MINERAL: Sand and gravel	COUNTY: Otero
INSPECTION TYPE: Monitoring	INSPECTOR(S): Amy Eschberger	INSP. DATE: January 13, 2016	INSP. TIME: 13:00
OPERATOR: Rough Cut, L.L.C.	OPERATOR REPRESENTATIVE: Keith Tucker	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$193,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 11, 2016

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: Gen. Compliance With Mine Plan

PROBLEM/POSSIBLE VIOLATION: Problem: The operation has disturbed more than the approved maximum allowed disturbed area of 45 acres. The current mine plan needs to be updated and clarified pursuant to C.R.S. 34-32.5-112 (1)(c)(VI) and (VII). The operator must provide sufficient information to describe or identify how the operator intends to conduct the operation and specify the area to be worked at any one time.

CORRECTIVE ACTIONS: The operator shall submit a Technical Revision, with the required \$216 revision fee, to update and clarify the current approved mine plan to reflect existing and proposed activities by the corrective action date. Specifically, the operator shall increase the maximum allowed disturbed area to at least 53 acres to account for existing disturbance.

CORRECTIVE ACTION DUE DATE: 05/10/2016

OBSERVATIONS

This was a normal monitoring inspection of the Rough Cut Pit (Permit No. M-2001-033) conducted by Amy Eschberger of the Division of Reclamation, Mining and Safety (Division). Mr. Keith Tucker represented the operator, Rough Cut, L.L.C. during the inspection. The site is located approximately 3 miles southwest from Manzanola, Colorado in Otero County. Access to the site is off of Co Rd GG 75, which enters the site from the east. The affected land is owned by Matthew Thomas Proctor and Peggy Proctor Frantz. The approved post-mining land use is rangeland.

This is a 112c operation permitted for 467 acres to dry mine sand and gravel for construction use (**see enclosed aerial image of permit area**). The site is situated on an upland gravel terrace deposit where the operation will mine the ridge tops. The approved maximum mining depth is 35 feet. The approved mining plan includes five mining phases, with phase 1 operations beginning near the center of the site (**see enclosed approved mining plan map**). Mining will proceed generally eastward throughout the permit area, then will finish off in phase 4 located in the far western portion of the permit area. Material processing will occur on site using mobile crushing and screening equipment.

Technical Revision No. 2 (TR-02; approved on 04/27/2012) allowed for the operation of a temporary asphalt batch plant on site. This batch plant was dismantled and removed from the site after the paving contract was completed in 2012. The approved permit allows for the temporary set up of asphalt and concrete batch plants on site as long as the operator first obtains the Division's approval of this activity through the submittal of a Technical Revision. The operation is to maintain 3H:1V slope gradients during mining when practical. Reclamation is to occur concurrently with mining so that a floating bond may be maintained. As of Technical Revision No. 1 (TR-01; approved 05/18/2011), the approved maximum allowed disturbed area at any time is 45 acres. The approved reclamation plan (**see enclosed approved reclamation plan map**) includes grading all disturbed slopes to 3H:1V or flatter, replacing topsoil on disturbed land at a minimum depth of 6 inches, and revegetating the site with a rangeland grass species. The main haul road will remain after reclamation for use by the landowner.

At the time of the inspection, the weather was sunny and cool, and the ground had some minor snow cover. A permit sign was posted at the gated entrance to the site off of Co Rd GG 75 (**Photo 1**). The permit boundary was delineated by metal posts (**Photo 2**). The Division observed three separate mining areas inside the permit boundary, one located mainly in phase 1, one in phase 2, and the other in phase 3. The phase 1 mining area was inspected first (**see enclosed aerial image showing close-up view of phase 1 and phase 2 disturbance**). Disturbance in this area covers approximately 75.7 acres, and includes a large stockpiling/processing area at the center, an equipment storage area in the northeastern portion, a mined wall along the northern and northwestern edges of the disturbance, topsoil stockpiles at the northern edge of the pit, and a previously mined area in the southern portion that is in reclamation. The phase 1 mining area was not active during the inspection. However, several trucks and processing equipment were stored in the stockpiling/processing area (**Photos 3 and 4**). Mr. Tucker stated that the site is active (e.g., extracting, processing or hauling off material) more than 180 days every year, which is in compliance with its approved status.

Several material stockpiles of various shapes and sizes were stored throughout the stockpiling/processing area in the phase 1 mining area (**Photos 5-9**). The topsoil stockpiles stored at the northern edge of the pit appeared to be stable with some vegetative cover. The mined wall was approximately 20 feet in height with near vertical slope gradients (**Photos 10-13**). The Division estimates the length of the mined wall in this area to be approximately 1,647 feet. The operation appears to be expanding the pit to the north/northwest, following the gravel ridges. The Division estimates the area in reclamation to consist of approximately 15 acres. All disturbed slopes in the reclaimed area have been graded to the required 3H:1V or flatter (**Photos 14-19**). According to

annual reports submitted by the operator, this area was backfilled, graded, and retopsoiled in 2011, and seeded in 2013. It is unclear whether the area has been reseeded since that time. Despite the fairly rocky topsoil in this area, some patches of native grasses were observed. The operator should continue to closely monitor this area and continue revegetation efforts as needed to establish the approved grass species.

Next, the Division observed the phase 2 mining area that is located east of the phase 1 area. The phase 2 mining area was not active during the inspection, and no equipment was stored in this area. Disturbance in this area covers approximately 26 acres, and includes an area on the southern end where the small batch plant operated in 2012 (**Photo 20**), several material stockpiles of various shapes and sizes along the western edge (**Photos 21-23**), a mined wall along the northern edge of the pit, topsoil stockpiles in the northeastern portion, and a previously disturbed area along the eastern edge that is in reclamation. The topsoil stockpiles appeared to be stable with some vegetative cover. The mined wall ranged from approximately 5 feet to 15 feet in height with near vertical slope gradients (**Photos 24-26**). The Division estimates the length of the mined wall in this area to be approximately 1,947 feet. The operation appears to be expanding the pit to the north, following the gravel ridges. The operation moved into the phase 2 area in 2012. However, there has not been much activity in this area since the batch plant was moved out that same year.

The Division estimates the area in reclamation to consist of approximately 8.25 acres. All disturbed slopes in the reclaimed area have been graded to the required 3H:1V or flatter (**Photos 27-31**). According to annual reports submitted by the operator, this area was graded and retopsoiled in 2013. It is unclear whether this area has been seeded. There was very little vegetation in this area other than a few small patches of native grass and some yucca, which appeared to be volunteer vegetation. It should be noted that the operator shows on annual reports that 9.4 acres in this phase are in reclamation. However, because topsoil stockpiles remain in the northeastern portion and the mined wall along the northeastern edge of this area has not yet been reclaimed, the Division did not include the far northern portion in the reclamation area. A pathway will need to be retained for accessing the stockpiles and mined wall. The Division recommends the operator seed this area as soon as possible if this task has not yet been completed. Additionally, the operator should continue to monitor this area and continue any revegetation efforts as needed to establish the approved grass species.

The phase 3 mining area was inspected last. Disturbance in this area is very small in size, including only approximately 1.5 acres (**see enclosed aerial image showing close-up view of phase 3 disturbance**). The disturbance includes a small pit (**Photos 32-34**) and a few small material stockpiles on the northern edge of the pit where it is accessed by the haul road (**see Photo 32**). The mined walls were approximately 5 feet in height with near vertical slope gradients. However, the southern portion of the mined wall had been graded to 3H:1V (**Photo 35**). The Division estimates the ungraded portion of the mined wall to be approximately 520 feet in length. It appeared that this pit has been inactive for some time as native grasses and some yucca were volunteering across the disturbed area. According to historical aerial images shown in Google Earth, it appears that most of the disturbance in this phase was created in 2013-2014. Mr. Tucker was not sure when the operation would move back into this area. The Division recommends the operator include this disturbance on future submittals of the annual report map.

Including all three phases mined thus far, the Division estimates that the operation has disturbed a total of approximately 75.7 acres, which is more than the approved maximum allowed disturbance of 45 acres. The Division estimates that a total of 23.25 acres are in reclamation, which would leave 52.45 acres of disturbance that are not in reclamation. The Division understands this is a phased mining operation that wishes to maintain a floating bond. This means that the Division will not include disturbed land that has been graded, retopsoiled and seeded in the maximum allowed disturbed area. However, until the reclaimed areas have a well-established vegetative cover consistent with the approved reclamation plan, the Division must continue to hold a portion of the required bond for revegetating these areas. **A problem is being cited in this report (see page 1) for**

noncompliance with the approved mining plan by disturbing more than the approved maximum allowed disturbed area of 45 acres. The corrective action includes submitting a Technical Revision to increase the maximum allowed disturbed area at any time to at least 53 acres (to include current disturbed land not in reclamation). A Technical Revision cover sheet is enclosed with this report. The Division recommends the operator include in the disturbance increase any additional acres that may be disturbed in the following year. In review of the Technical Revision, the Division will need to reassess the required financial warranty. The operator should be aware that a request for surety reduction may be submitted at any time to account for disturbed land that has been reclaimed and will not be redisturbed by the operation.

It has come to the Division's attention that the correspondence information for this permit needs to be updated, particularly the permitting contact and inspection contact. The name currently on record for these two contacts is Joe Gagliano with L.J. Development, Inc. However, the Division has been informed that this contact is deceased. **The operator should provide the Division with updated correspondence information for this permit (see enclosed correspondence information sheet).**

Overall, the site appeared to be stable, and no other problems were observed.

PHOTOGRAPHS



Photo 1. View of permit sign posted at main site entrance off of Co Rd GG 75.



Photo 2. View of metal post marking southeastern permit boundary.



Photo 3. View showing conveyor present in stockpiling/processing area located in phase 1 mining area.



Photo 4. View showing loaders and screen present in stockpiling/processing area located in phase 1 mining area.



Photo 5. View showing material stockpiles present in stockpiling/processing area located in phase 1 mining area.



Photo 6. View showing material stockpiles present in stockpiling/processing area located in phase 1 mining area.



Photo 7. View showing material stockpiles present in stockpiling/processing area located in phase 1 mining area.



Photo 8. View showing material stockpiles present in stockpiling/processing area located in phase 1 mining area.



Photo 9. View showing material stockpiles present in stockpiling/processing area located in phase 1 mining area.



Photo 10. View looking south from northern edge of pit, showing east-facing portion of mined wall (at right) in phase 1 mining area. Note mined wall approximately 20 feet in height with near vertical slope gradients.

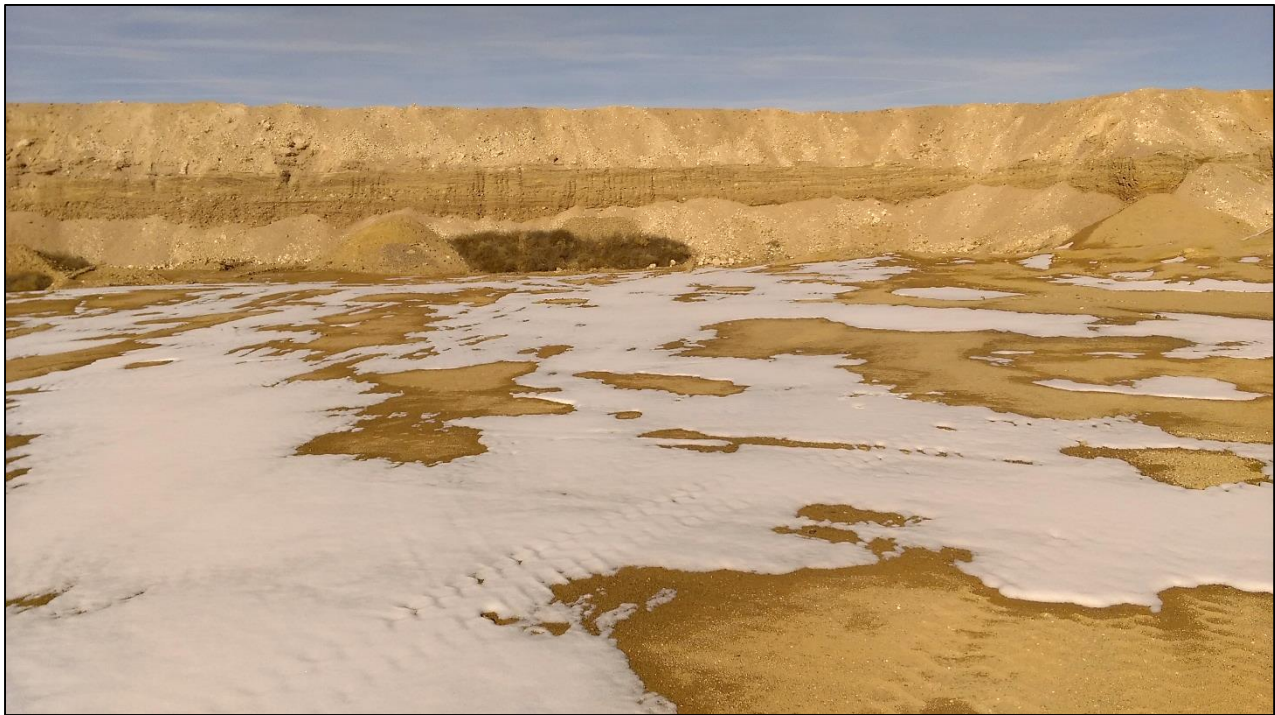


Photo 11. View looking north from pit floor, showing south-facing portion of mined wall in phase 1 mining area. Note mined wall approximately 20 feet in height with near vertical slope gradients.



Photo 12. View looking northwest from pit floor, showing east-facing portion of mined wall in phase 1 mining area. Note mined wall approximately 20 feet in height with near vertical slope gradients.



Photo 13. View looking north from pit floor, showing south-facing portion of mined wall in phase 1 mining area. Note mined wall approximately 20 feet in height with near vertical slope gradients.

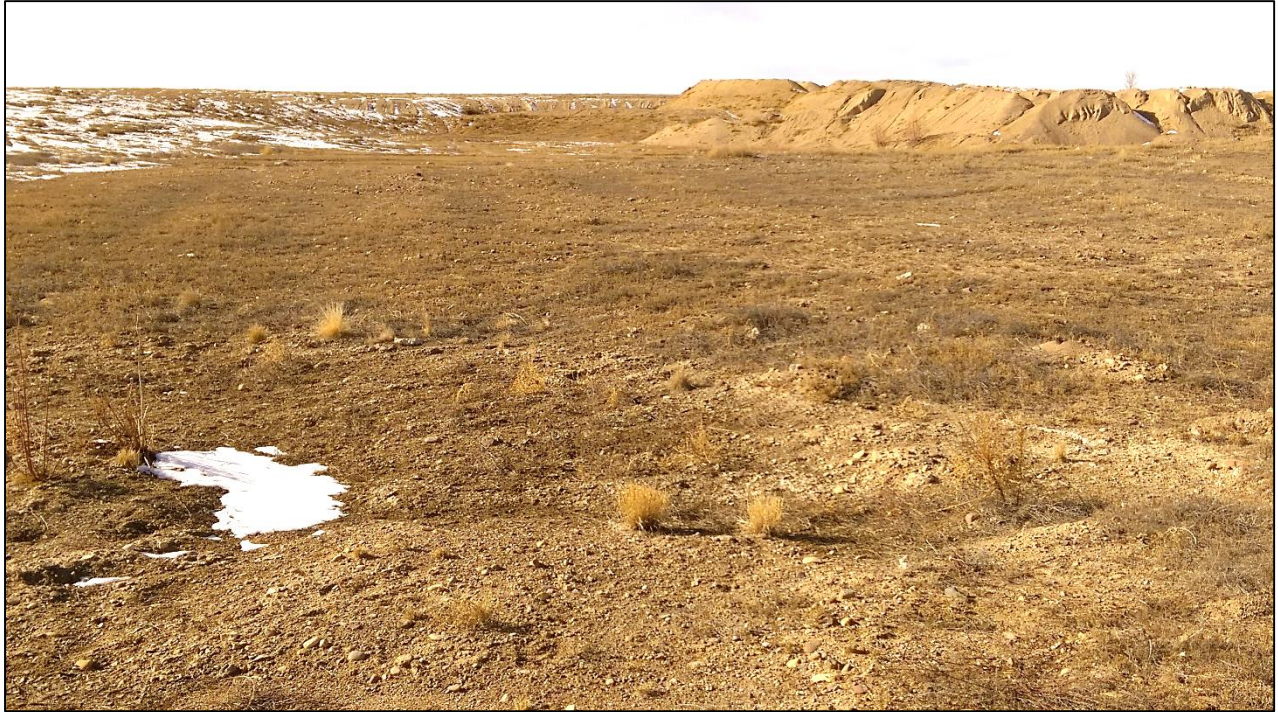


Photo 14. View looking northwest across area in reclamation located in previously mined southern portion of phase 1 mining area. Note area graded to flatter than 3H:1V, backfilled, and retopsoiled, with very sparse vegetation present.



Photo 15. View looking west across area in reclamation located in previously mined southern portion of phase 1 mining area. Note area graded to 3H:1V or flatter, backfilled, and retopsoiled, with very sparse vegetation present.



Photo 16. View looking southwest across area in reclamation located in previously mined southern portion of phase 1 mining area. Note area graded to 3H:1V or flatter, backfilled, and retopsoiled, with very sparse vegetation present.



Photo 17. View looking north across area in reclamation located in previously mined southern portion of phase 1 mining area. Note area graded to flatter than 3H:1V, backfilled, and retopsoiled, with very sparse vegetation present.



Photo 18. View looking northwest across area in reclamation located in previously mined southern portion of phase 1 mining area. Note area graded to 3H:1V or flatter, backfilled, and retopsoiled, with very sparse vegetation present.



Photo 19. View looking northwest across area in reclamation located in previously mined southern portion of phase 1 mining area. Note area graded to 3H:1V or flatter, backfilled, and retopsoiled, with fairly good establishment of native grasses.



Photo 20. View looking east from main access road, showing southern portion of phase 2 mining area where small batch plant operated in 2012. Note batch plant has been removed from site.



Photo 21. View looking north from main access road, showing material stockpiles stored in southern portion of phase 2 mining area.



Photo 22. View looking north, showing material stockpiles stored in southern portion of phase 2 mining area.



Photo 23. View looking south, showing material stockpiles stored in northwestern portion of phase 2 mining area.



Photo 24. View looking north, showing portion of south-facing mined wall present along northern edge of phase 2 mining area. Note mined wall approximately 10-15 feet in height with near vertical slope gradients.

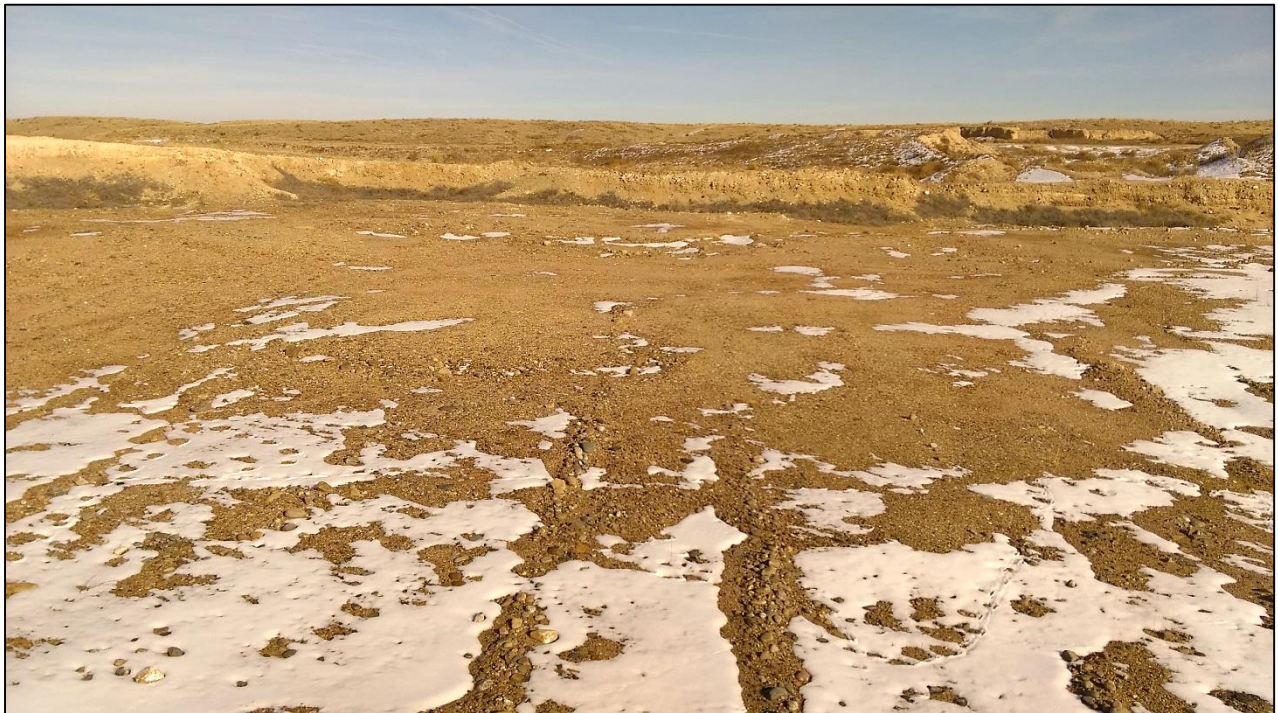


Photo 25. View looking east, showing portion of west-facing mined wall present along northern edge of phase 2 mining area. Note mined wall approximately 5 feet in height with near vertical slope gradients.



Photo 26. View looking northeast, showing portion of west-facing mined wall present along northern edge of phase 2 mining area. Note mined wall approximately 10 feet in height with near vertical slope gradients.



Photo 27. View looking northeast across area in reclamation located in previously mined eastern portion of phase 2 mining area. Note area graded to flatter than 3H:1V and retoppedsoiled, with no vegetation present.



Photo 28. View looking east across area in reclamation located in previously mined eastern portion of phase 2 mining area. Note area graded to flatter than 3H:1V and retopsoiled, with no vegetation present. Portion of overburden stockpile shown in background (at left).



Photo 29. View looking east across area in reclamation located in previously mined eastern portion of phase 2 mining area. Note area graded to flatter than 3H:1V and retopsoiled, with very sparse vegetation present.



Photo 30. View looking southeast across area in reclamation located in previously mined eastern portion of phase 2 mining area. Note area graded to flatter than 3H:1V and retopsoiled, with very sparse vegetation present.



Photo 31. View looking southeast across area in reclamation located in previously mined eastern portion of phase 2 mining area. Note area graded to flatter than 3H:1V and retopsoiled, with very little to no vegetation present.



Photo 32. View looking northwest across small pit located in phase 3 mining area. Note mined walls approximately 5 feet or less in height with near vertical slope gradients. Also note small material stockpiles stored along northern edge of pit.



Photo 33. View looking southwest across small pit located in phase 3 mining area. Note mined walls approximately 5 feet or less in height with near vertical slope gradients. Also note native grasses and yucca volunteering into disturbed area.



Photo 34. View looking southwest across small pit located in phase 3 mining area. Note mined walls approximately 5 feet or less in height with near vertical slope gradients. Also note native grasses and yucca volunteering into disturbed area.



Photo 35. View looking southwest across small pit located in phase 3 mining area, showing south-eastern mined wall graded to 3H:1V. Note native grasses and yucca volunteering into disturbed area.

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>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>PB</u>	(FW) FISH & WILDLIFE----- <u>N</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>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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

Inspection Contact Address

Alan Frantz
Rough Cut, L.L.C.
15645 Co Rd GG
Rocky Ford, CO 81067

Enclosure(s): Aerial image of permit area (Google Earth)
Approved mining plan map
Approved reclamation plan map
Aerial image showing close-up view of phase 1 and phase 2 disturbance (Google Earth)
Aerial image showing close-up view of phase 3 disturbance (Google Earth)
Technical Revision cover sheet
Correspondence Information sheet

CC: Wally Erickson, DRMS

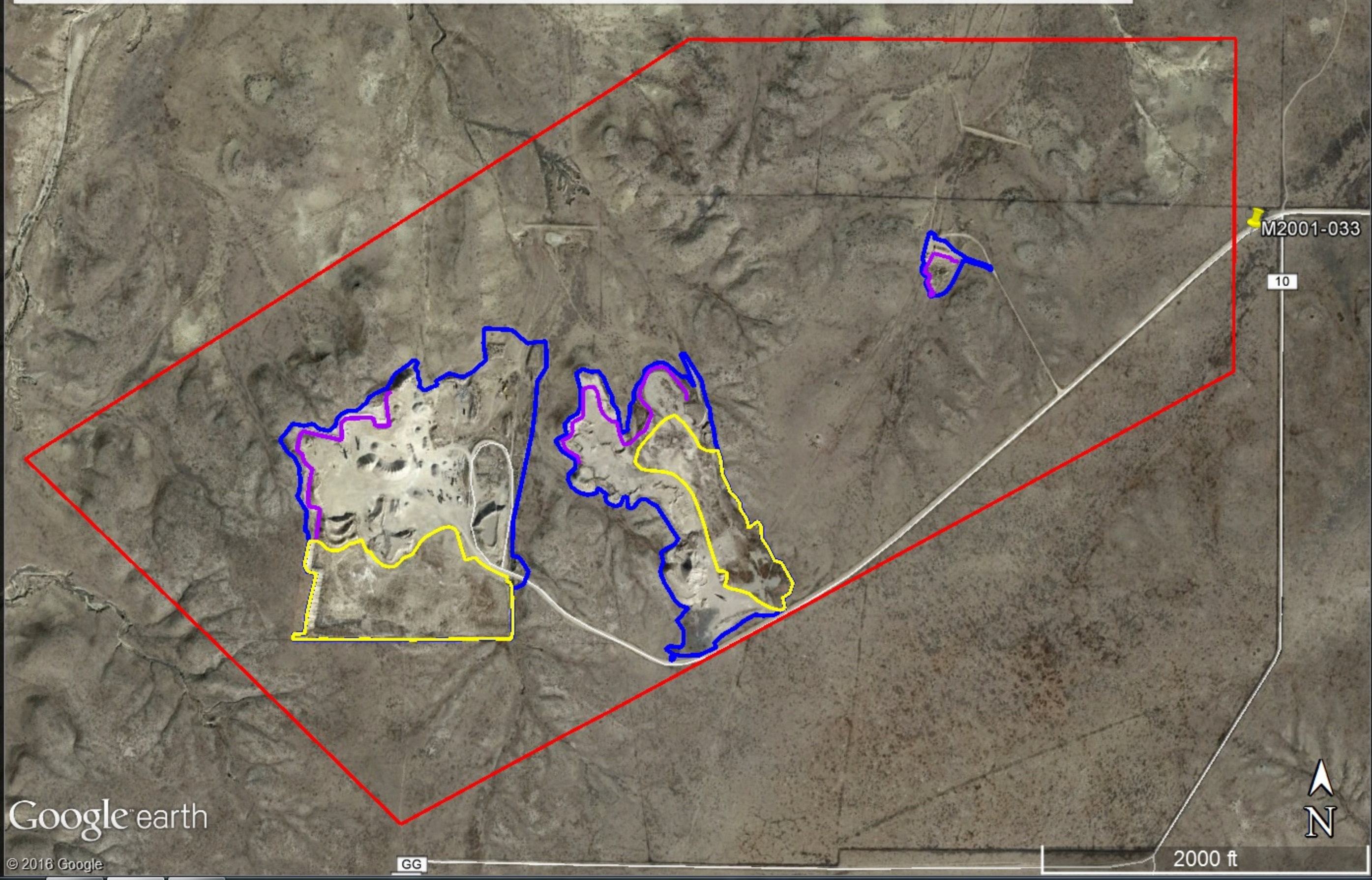
M2001-033 / Rough Cut Pit / Rough Cut L.L.C

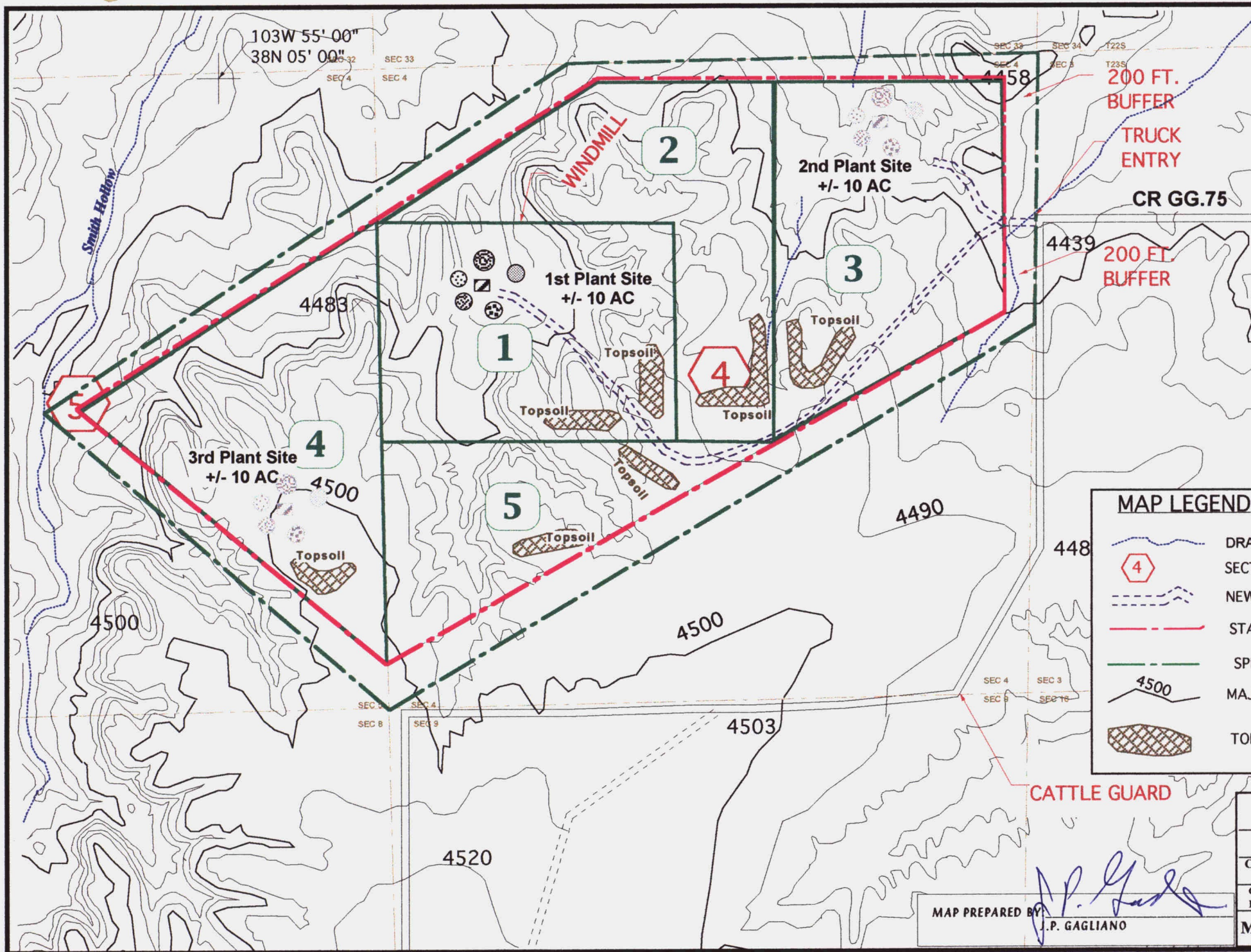
Red Outline = 467 acres = Approved Permit Area

Blue Outline = 75.7 acres = Total Disturbed Area (48.2 acres Phase 1 + 26 acres Phase 2 + 1.5 acres Phase 3)

Yellow Outline = 23.25 acres = Total Reclaimed Area (15 acres Phase 1 + 8.25 acres Phase 2)

Purple Line = 4,141 feet = Approximate Total Length of Highwalls (1,647 feet Phase 1 + 1,974 feet Phase 2 + 520 feet Phase 3)





Revisions

05/12/01 jpg

RECEIVED

MAY 16 2001

Division of Minerals and Geology

NORTH

0 1000

SCALE 1" = 1000 FT.
CONTOUR INTERVAL 10 FT.

MINE PHASING

Acres

100	1	2001-2016
95	2	2010-2026
104	3	2019-2036
104	4	2028-2046
64	5	2037-2056

Total 467 Acres

MAP LEGEND

	DRAINWAYS		PLANT SITE WITH
	SECTION		PRODUCT STOCKPILES
	NEW HAUL ROAD		
	STATE DMG (MLRB) MINING BOUNDARY		
	SPECIAL USE APPLICATION AREA PROPOSED		
	MAJOR CONTOUR LINE		
	TOPSOIL STOCKPILES		

SCANNED



007951

ROUGH CUT PIT

112 Permit Application

CLIENT: ROUGH CUT LLC
15645 RD. GG, ROCKY FORD 81067

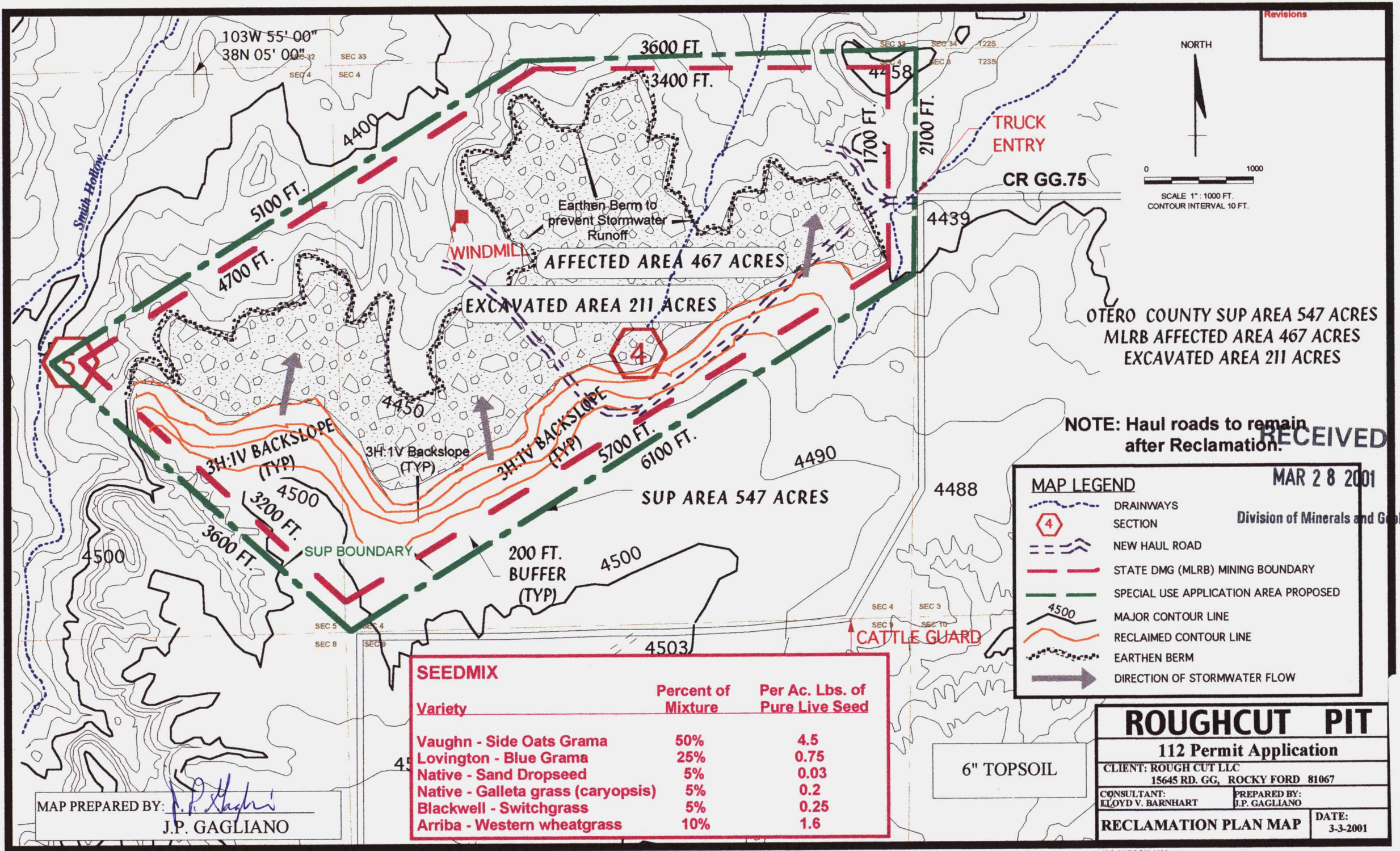
CONSULTANT: LLOYD V. BARNHART
PREPARED BY: J.P. GAGLIANO

MINING PLAN MAP

DATE:
3-4-2001

MAP PREPARED BY: J.P. GAGLIANO

JPG ROUGH CUT MINING2nd



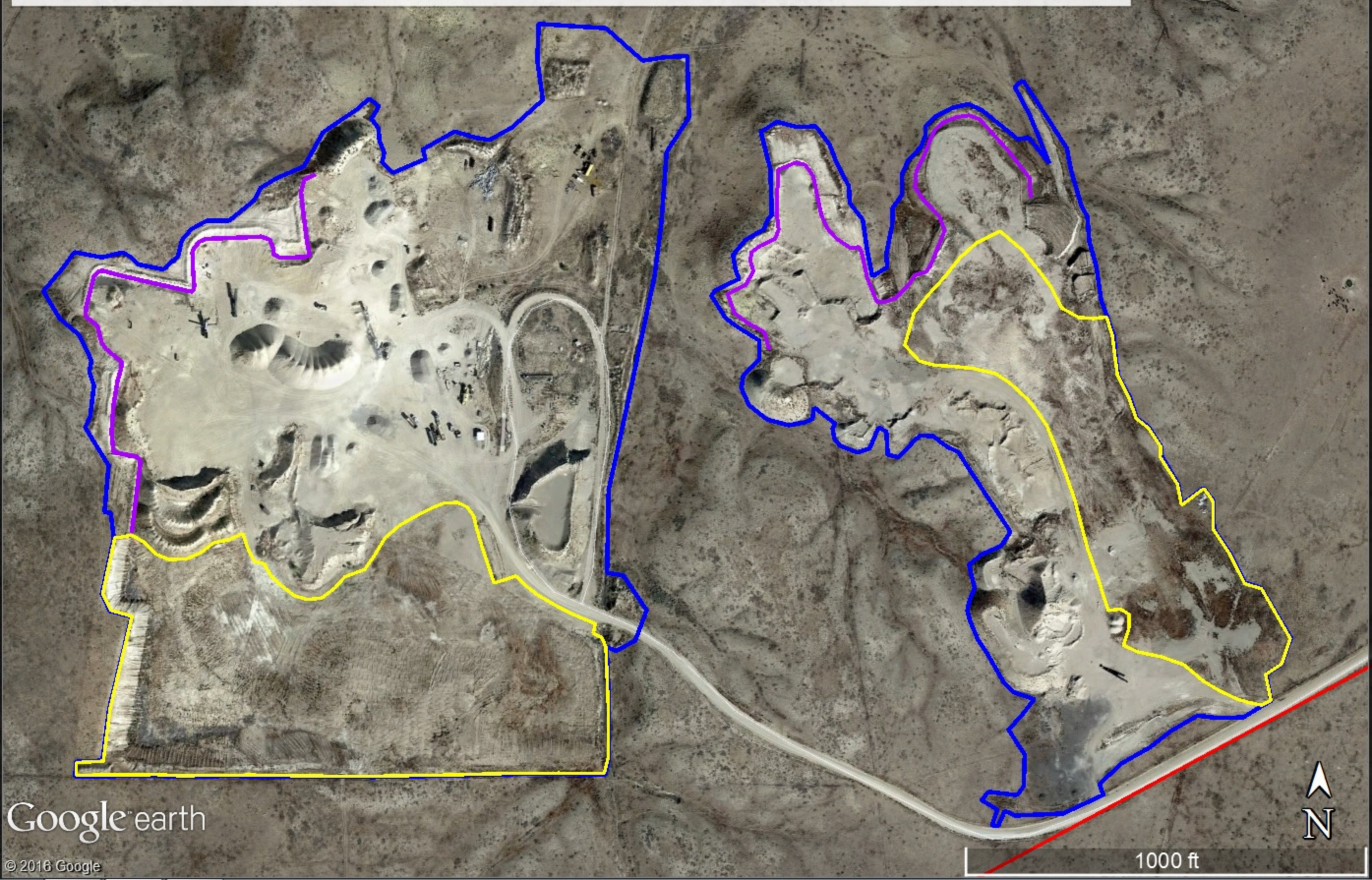
M2001-033 / Rough Cut Pit / Rough Cut L.L.C

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M2001-033 / Rough Cut Pit / Rough Cut L.L.C

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COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY

1313 Sherman Street, Room 215, Denver, Colorado 80203 ph(303) 866-3567

REQUEST FOR TECHNICAL REVISION (TR) COVER SHEET

File No.: M- _____ Site Name: _____

County _____ TR# _____ (DRMS Use only)

Permittee: _____

Operator (If Other than Permittee): _____

Permittee Representative: _____

Please provide a brief description of the proposed revision: _____

As defined by the Minerals Rules, a Technical Revision (TR) is: “a change in the permit or application which does not have more than a minor effect upon the approved or proposed Reclamation or Environmental Protection Plan.” The Division is charged with determining if the revision as submitted meets this definition. If the Division determines that the proposed revision is beyond the scope of a TR, the Division may require the submittal of a permit amendment to make the required or desired changes to the permit.

The request for a TR is not considered “filed for review” until the appropriate fee is received by the Division (as listed below by permit type). Please submit the appropriate fee with your request to expedite the review process. After the TR is submitted with the appropriate fee, the Division will determine if it is approvable within 30 days. If the Division requires additional information to approve a TR, you will be notified of specific deficiencies that will need to be addressed. If at the end of the 30 day review period there are still outstanding deficiencies, the Division must deny the TR unless the permittee requests additional time, in writing, to provide the required information.

There is no pre-defined format for the submittal of a TR; however, it is up to the permittee to provide sufficient information to the Division to approve the TR request, including updated mining and reclamation plan maps that accurately depict the changes proposed in the requested TR.

Required Fees for Technical Revision by Permit Type - Please mark the correct fee and submit it with your request for a Technical Revision.

<u>Permit Type</u>	<u>Required TR Fee</u>	<u>Submitted</u> (mark only one)
110c, 111, 112 construction materials, and 112 quarries	\$216	<input type="checkbox"/>
112 hard rock (not DMO)	\$175	<input type="checkbox"/>
110d, 112d(1, 2 or 3)	\$1006	<input type="checkbox"/>

11. **Correspondence Information:**

APPLICANT/OPERATOR (name, address, and phone of name to be used on permit)

Contact's Name: _____ Title: _____
Company Name: _____
Street/P.O. Box: _____ P.O. Box: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: (_____) - _____
Fax Number: (_____) - _____

PERMITTING CONTACT (if different from applicant/operator above)

Contact's Name: _____ Title: _____
Company Name: _____
Street/P.O. Box: _____ P.O. Box: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: (_____) - _____
Fax Number: (_____) - _____

INSPECTION CONTACT

Contact's Name: _____ Title: _____
Company Name: _____
Street/P.O. Box: _____ P.O. Box: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: (_____) - _____
Fax Number: (_____) - _____

CC: STATE OR FEDERAL LANDOWNER (if any)

Agency: _____
Street: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: (_____) - _____

CC: STATE OR FEDERAL LANDOWNER (if any)

Agency: _____
Street: _____
City: _____
State: _____ Zip Code: _____
Telephone Number: (_____) - _____