



VALCO, INC.
9296 Windhaven Drive
Parker, CO 80134
(719) 469-0840

April 7, 2016

RECEIVED

APR 07 2016

DIVISION OF RECLAMATION
MINING AND SAFETY

Ms. Amy Eschberger
Division of Reclamation, Mining and Safety
1313 Sherman St., Room 215
Denver, CO 80203

Re: Minerals Program Inspection Report January 13, 2016

Dear Ms. Eschberger:

In response to the inspection 1/13/2013 please accept the following:

INSPECTION TOPIC: Financial Warranty

CORRECTIVE ACTION: Valco, Inc. has submitted a Financial Warranty Certificate of Deposit for \$60,317.00 as a type of collateral bond to DRMS.

INSPECTION TOPIC: Hydrologic Balance

CORRECTIVE ACTION: Valco, Inc. is in the process of splitting our property at County Road 22. The property west of the county road will be deeded to Deep Cut, LLC who will have a new DRMS permit and a separate SWSP. Valco will maintain the property east of the County road under the current permit. Valco plans to back fill the two lakes remaining on the property. There is adequate material around the lakes for the backfill (see: **VALCO AGGREGATE MINE RECLAMATION**, by Deer and Ault, 6/13/2011). Valco received an estimate in 2013 for \$700,000 to complete the entire back fill shown on the Deer and Ault study for lakes C and D. The estimate included \$140,000 for dewatering power costs using a diesel gen set. Valco had a power line installed at the cost of \$27,000 to eliminate the gen set for a savings of \$100,000. Valco would anticipate that Deep Cut will have their SWSP approved by July 31, 2016 and Valco will have a final augmentation number for the east property and either begin backfilling or reach an agreement with the State Engineers Office for a renewal of the SWSP.

Please call with any questions.

Sincerely


Thomas E. Brubaker
President,



9296 WINDHAVEN DRIVE
PARKER, CO 80134

RECEIVED

APR 07 2016

DIVISION OF RECLAMATION
MINING & SAFETY

Ms. Amy Eschberger
Division of Reclamation, Mining and Safety
1313 Sherman St., Room 215
Denver, CO 80203