




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: Mid-Continent LST	MINE/PROSPECTING ID#: M-1982-121	MINERAL: Limestone (general)	COUNTY: Garfield
INSPECTION TYPE: Monitoring	INSPECTOR(S): Amy C. Yeldell	INSP. DATE: April 12, 2016	INSP. TIME: 10:00
OPERATOR: Calx Minerals, LLC	OPERATOR REPRESENTATIVE: Justin Olin	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Memo Of Understanding	BOND CALCULATION TYPE: None	BOND AMOUNT: \$123,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: U.S.BLM
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: April 20, 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: Acid And Toxic Materials

PROBLEM/POSSIBLE VIOLATION: Problem: Improper storage and containment of fuels and/or other hazardous materials was present on site.

CORRECTIVE ACTIONS: All storage tanks, petroleum and any hazardous materials on site for any period of time shall have appropriate secondary containment. The site will also have to comply with all applicable SPCC requirements. Please supply photo documentation that any fuel or hazardous materials containers are stored properly - including applicable secondary containment structures by the corrective action date. Note that secondary containment structures shall consist of an impermeable containment which could contain all contents of the tanks and various containers (when full) plus 10% of the total capacity. The operator may also provide photo documentation that all containers have been removed from the site on or before the corrective action date.

CORRECTIVE ACTION DUE DATE: 6/20/16

INSPECTION TOPIC: Sediment Control

PROBLEM/POSSIBLE VIOLATION: Problem: Several BMP features were observed to be incomplete or improperly constructed. Without additional work these features will lead to erosion gullies and ruts. This is a potential problem for failure to protect the affected land from erosion pursuant to C.R.S. 34-32.5-116 (4) (j).

CORRECTIVE ACTIONS: The Division requests that final construction photos of stormwater features constructed/maintained in the spring of 2016 be provided to the Division to ensure adequate completion of tasks.

CORRECTIVE ACTION DUE DATE: 7/19/16

OBSERVATIONS

This inspection was conducted as part of the Colorado Division of Reclamation, Mining and Safety (Division) normal monitoring program. The Division was contacted by Bureau of Land Management (BLM) and informed that they would be conducting an inspection and requested the Divisions presences. Justin Olin, Auggie Franklin and Travis Litsche represented CalX. Jessica Lopez Pearce represented the Colorado River Valley Field Office BLM and accompanied Amy Yeldell of the Division on the inspection.

The Mid-Continent LST is a 112c permitted site that includes a total of 32.78 permitted acres. This site is located approximately 1.2 miles north of Glenwood Springs, Colorado and is accessed via the Transfer Trail Road.

Currently the Division holds a Financial Warranty in the amount of \$122,793.00 for this site. A Notice of Surety Increase was issued on November 19, 2015 requiring the additional surety amount of \$49,583 for a total bond amount of \$172,376 to be held. An objection was received, as well as an extension request. The one-time 30 day extension request was approved requiring the addition surety to be posted by April 7, 2016. To date the additional surety amount has not been accepted by the Division. On April 18, 2016 a Reason to Believe letter was sent. The RTB will be withdrawn if the matter is abated.

A records review indicates the annual report and fee compliance requirements are active. As a reminder the annual report and fee are due April 25, 2016 and have not been received by the Division as of the date of this report.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. The sign is located at the entrance of the permit boundary fastened to the scale house. The permit boundary is clearly delineated by t-post with white metal caps to stand out at a distance. In several instances mining/ road cuts have occurred up to the permit boundary.

What appears to be the scale and scale frame have been dismantled. The scales sits due north of the scale house. While the scale frame sits south of the gate. It is noted that the permit boundary does extend slightly south of the gate. The scale frame likely sits on or just inside of the permit boundary. The operator is cautioned to make sure all material associated with mining stays within their permit boundary at all times to avoid future potential enforcement actions.

BLM took time to review their file with the operator. And explained how their approvals do not always coincide with DRMS' approvals. These permit provisions should match up or at the very least not have conflicting requirements. One specific area of interest mentioned was the BLM approved acreage of 15.7 ac while DRMS has approved 32.8 acres. Several Plan of Operations submittals have been received by BLM from the operator. The BLM will be working with the operator to finalize these submittals so that they can being the permit modification process. The Division recommends that upon BLM approval the operator makes any necessary revision to ensure that the BLM and DRMS approvals coincide.

The sediment retention pond on the southwest corner of the mill bench was recently disturbed. Mr. Olin explained that he attempted to remove sediment and improve drainage however the supersaturated soils made work impossible. Currently the sediment pond is ill constructed and will require additional reworking. While attempting to maintain the structure the dozer slid down the embankment leaving a large gouge that

will precipitate future erosion issues if not addressed. Additional sediment ponds and diversions were being constructed/maintained adjacent to the lower road. If this reconstruction results in any deviations from the approved plans on record the operator will need to submit a technical revision so that the permit adequately reflects the as-built conditions. It was mentioned that Calx does hold a stormwater permit with the Water Quality Control Division (WQCD). However the Division is unsure if the mine is in compliance with their WQDC stormwater permit as we do not have a copy on file. The Division requests that final construction photos of stormwater features constructed/maintained in the spring of 2016 be provided to the Division to ensure adequate completion of tasks.

Miscellaneous debris is stored in the equipment yard west of the mill facility. It consists of metal ducting that will be scraped, spare tires, wood pallets, extra equipment, etc. Since the last visit the large fuel pup has been moved to the production bench. However a fuel slip tank and gas can were observed sitting on a wood pallet with no secondary containment. This is cited as a problem. Please provide the Division with photo documentation that the hazardous materials have been placed in a secondary containment or removed for the site by the corrective action date listed on the first page.

On the production bench is located the original fuel pup that was last observed on the mill bench. Another smaller tank with secondary containment is also located on the production bench. Mr. Olin indicated that these two smaller tanks will be switched out for one larger tank in the future. Also located on the production bench was an excavator and a portable screen and sorting equipment.

Since the last inspection a large amount of material has been removed to supply large boulders and rip rap for the nearby Glenwood Springs bridge project. The fines storage pile has increased in size significantly. Currently the lower bench is 600' L X 25' W X 50' H. The second mine bench is 60' L X 12' W X 65' H. Also a third bench is being created. It is being developed along the western corner moving east and increasing in elevation. The third bench is currently 16' W X 50' H. Mr. Olin explained that progress right now is very slow.

Additional cuts are being made on the eastern boundary to create switch backs. The goal is to get above the MSHA deemed unsafe area and be able to mitigate it without having to add additional acreage for access. It is Mr. Olin's belief that they currently have the necessary acreage to do so. Both agencies cautioned that if blasting of this knob will result in rubble extending past the permit boundary that the land would need to be incorporated within the permit boundary prior to blasting commencing.

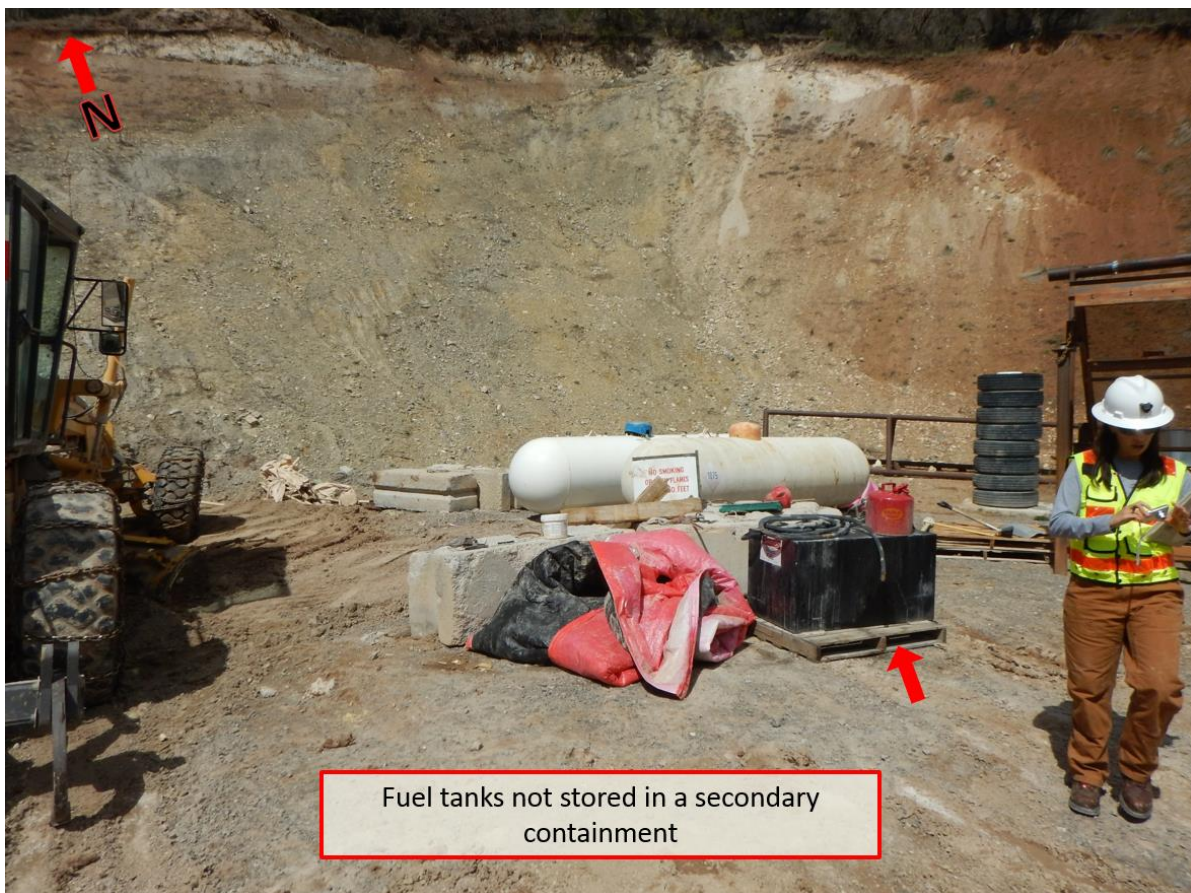
Other than topsoil stabilization no reclamation was observed. The amount of topsoil salvaged is likely inadequate to complete reclamation. The operator is encouraged to salvage any material that may be useful for reclamation. All slopes in unconsolidated material appear to be no steeper than 2:1 and stable. A small infestation of mullein was observed. The operator is encouraged to more aggressively manage all state listed noxious weeds.

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>Y</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>Y</u>	(FW) FISH & WILDLIFE----- <u>NA</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SW) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>PB</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>PB</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>Y</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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Enclosure

CC:
Russ Means, Senior EPS / Field Office Supervisor, Grand Junction DRMS
Jessica Lopez Pearce, Colorado River Valley Field Office BLM