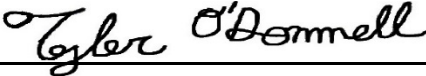




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Morgan Pit	MINE/PROSPECTING ID#: M-2006-077	MINERAL: Sand and gravel	COUNTY: Huerfano
INSPECTION TYPE: Monitoring	INSPECTOR(S): Tyler V. O'Donnell	INSP. DATE: January 15, 2016	INSP. TIME: 12:30
OPERATOR: Paul Morgan Excavating, Inc.	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 110c - Construction Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$8,844.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 13, 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>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>Y</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>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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

OBSERVATIONS

This normal routine monitoring inspection was conducted by Tyler O'Donnell of the Division of Reclamation, Mining and Safety (Division). Paul Morgan Excavating, Inc., the Operator, did not have a representative present during the inspection. The Division notified the Operator about the inspection date and time. The Operator informed the Division that they could not attend the inspection and gave the Division permission to inspect the site.

The Morgan Pit is located in Huerfano County approximately 1 mile southwest of La Veta, Colorado. The Morgan Pit is a 9.9-acre 110c Construction Materials Reclamation Permit. The permit was issued January of 2007. The primary commodity being mined at the site is sand and gravel. The approved post-mining land use is Industrial/commercial. The mine site was surrounded by the following land uses: rural residential, agriculture, and rangeland.

No problems or possible violations were observed during the inspection. During the inspection, the sky was slightly overcast. There was partial snow cover, covering approximately 85% of the ground. The site was not operational during the inspection. There were several pieces of mining equipment scattered throughout the site. There were other pieces of construction equipment, scrap metal, and other construction material scattered around the affected land. It appears that all mining related disturbance has taken place in the northern portion of the site and is progressing to the south. The current affected land is a pit excavation in the northern portion of the approved permit boundary. It appears that the site sees frequent use, evidence of recent mining activity was observed. At the present time it appears that the mining operation had affected approximately 4 acres throughout the life of mine.

Backfilling and Grading:

There were highwalls around all 4 sides of the current pit excavation, located in the northern portion of the site. The highwalls were approximately 20 feet high and contained a total cumulative length of approximately 1,200 feet. Portions of the highwalls were vertical, graded to 3H:1V, or partially graded at 2H:1V. The approved permit states that the side slopes (east and west) will be mined at 3H:1V or flatter (Enclosed portions of the reclamation and mining plans). The Operator must immediately grade all side slopes to a 3H:1V, or flatter, thereby bringing the slopes in to compliance with the approved permit. The Operator must resume mining the side slopes at 3H:1V or flatter. If the Operator wishes to continue to mine slopes steeper than a 3H:1V the approved permit will need to be revised. No exposed groundwater was observed. At the time of the inspection all slopes appeared to be structurally stable. There were also small stockpiles of broken up concrete and asphalt on site, it appears that the Operator maybe recycling the material. The imported concrete, asphalt and other material cannot be used for backfill without the Division's approval.

Financial Warranty:

The current amount of financial warranty the Operator has on deposit with the State is \$8,844. The reclamation cost estimate for this site was updated during the file review for this inspection. It was determined that the current required financial warranty amount is adequate. The financial warranty will most likely be raised during the Division's next monitoring inspection unless the reclamation liability is reduced. The reclamation liability can be reduced by reclaiming portions of the affected land. Reclamation liability could be reduced by reclaiming the northern portion of the excavation. The northern portion of the excavation would be easy to reclaim because this area has been nearly mined out on all 3 sides, there are little to no reserves left between the highwall and the permit boundary on all 3 sides.

Hydrologic Balance:

There was no evidence of excessive erosion. There appeared to be no significant impacts to the prevailing hydrologic balance. All stormwater is captured within the pit.

Gen. Compliance With Mine Plan:

All mining activity appeared to be within the approved affected land boundary. There were several pieces of mining equipment scattered throughout the site. There was also a crushing plant and a screening plant located just south of the current excavation. The approved permit states that the side slopes (east and west) will be mined at 3H:1V or flatter (Enclosed portions of the reclamation and mining plans). The Operator must immediately grade all side slopes to a 3H:1V or flatter, thereby bringing the slopes in to compliance with the approved permit. The Operator must resume mining the side slopes at 3H:1V or flatter. If the Operator wishes to continue to mine slopes steeper than a 3H:1V the approved permit must be revised.

Roads:

The internal pit haul road and ramp appeared to be stable and well maintained.

Revegetation:

There was some plant growth throughout the current affected area. The plant growth in the current affected area appeared to be volunteer vegetation, comprised of native vegetation and annual weeds. There was some plant growth on the stockpiles and a little vegetative growth elsewhere in the active mining area. No noxious weeds were observed during the inspection.

Sediment Control:

There was no evidence of excessive erosion (rills, gullies, or sediment fans).

Signs and Markers:

A mine I.D. sign was located at the entrance to the mine site. The permit boundary was marked by t-posts and a 3 wire fence.

Topsoil:

It appears that topsoil had been salvaged in advance of mining. There was one large topsoil stockpile located southwest of the current excavation. The topsoil stockpile was adequately vegetated, thus providing good protection from water and wind erosion. There appeared to be an adequate amount of topsoil in the main topsoil stockpile to reclaim the current mining disturbance.

Inspection Contact Address

Paul Morgan
Paul Morgan Excavating, Inc.
581 County Road 420
La Veta, Colorado 81055

Enclosure: Page from approved mine plan
Page from approved reclamation plan

cc: Wally Erickson, DRMS

PHOTOGRAPHS



Photo 1: Eastern side of the current exaction. Small highwall along the east side of the pit. The northern side of the pit (left hand side of the photo) has been graded to approximately 2H:1V to 3H:1V.



Photo 2: Western side of the current exaction. The northern side of the pit (background) has been graded to approximately 2H:1V to 3H:1V. The western portion of the pit (left hand side of the photo) has been graded to 3H:1V.



Photo 3: Stockpile of product. Stockpiles of concrete and asphalt in the background.



Photo 4: Topsoil stockpile.

(h) No water will be used in the production of the product. Water will only be used for dust control and Best Management Practices. It will be from local sources and trucked to the site.

(i) No groundwater will be encountered during the mining-extraction process. Stormwater diversions and impoundments will be done in a way to prevent erosion and sedimentation. Care will be taken while mining to divert storm water. Water that collects into the pit will percolate into the gravel pit floor.

(j) The operator/applicant will comply with Colorado water quality laws and regulations governing injury to existing water rights. It is not anticipated that any water will be encountered. If ground water is encountered, the proper steps at the State Engineers office will be complied with.

(k) No acid or toxic materials will be used or encountered on this site.

(l) The hydrologic balance will not be influenced by the mining on this site. The initial preparation of the surface before extraction of the sand and gravel will consist of stripping the vegetation and topsoil and placing it in stockpiles for use later during reclamation. Front-end loaders, scrapers, and Excavators or any other suitable surface equipment will be used.

A stormwater management plan will be implemented. A more detailed view of the mining area can be seen in the Mining Plan Map within Exhibit "E".

Extraction of the resource (sand & gravel) will be accomplished with front-end loaders, dozers, scrapers, backhoe excavators, or any surface mining type of equipment that is economically feasible for this site.

This is an open pit surface mine, and mining and construction equipment designed for this task will be used for earthmoving and transporting on site. Mining Excavation will move north in the pit. The mining will be done in such a manner as to minimize any high walls and the pit walls will be left at a 3H:1V gradient, or flatter.

Best Management Practices will be followed during the duration of the operation at this site.

RECEIVED

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Division of Reclamation,
Mining and Safety

Exhibit "D"

Reclamation Plan

6.3.4 The Reclamation Plan for the Morgan Gravel Pit is as follows (Please also see Reclamation map located within Exhibit "E"):

(1) The Operation/Applicant has prepared a reclamation plan that addresses the following items; final grading, which includes drainage, seeding, fertilizing, vegetation, and topsoiling. The plan is will be based on the Reclamation Plan from the local NRCS field.

(a) The operator/applicant will reclaim this mine site to Industrial/Commercial (IC) as the landowner directed which is approved use by the Huerfano County Commissioners. The site will be used as a storage area for Morgan Excavation's equipment.

The earth moving will be done by dozer and front-end loaders and the side slopes will be mine at a 3H:1V gradient or flatter to facilitate reclamation, when using farm equipment to prepare the seedbed and grass seeding. The land shaping of the affected area will be done in such a manner as to enhance and blend with the surrounding topography. The pit floor will have be gravel plated which will promote stormwater percolation. Since this pit will be an Equipment storage yard no seeding will be done on the pit floor. The slopes will be seeded as per the NRCS seeding and planting plan as submitted. Please see enclosed report done by Tony W. Arnhold District Conservationist, of the Walsenburg Field Office.

(b) As stated before the proposed post-mining land use will be Industrial/Commercial. Some of the area will be seeded and consistent with the surrounding lands, which are Rangeland. The slopes will not exceed 3H:1V. The NRCS Reclamation plan will be implemented to the affected area.

(c) A description of how the Reclamation Plan will be implemented.

(i) The plant growth medium will be between 6"-8".

(ii) Seeding will be done when a major portion of the mining has be completed. The compacted areas will be loosened by using either by a disc or plowing dependent upon the amount of compaction. The rate of fertilizer will be 40 pounds per acre of nitrogen (N) and 30 pounds per acre of phosphorus (P), this is the recommendation of the NRCS. Topsoiling will be accomplished after mining has moved far enough to make it practical for seedbed preparation and seeding. Also, time of year and weather conditions will play a role in this timing.