



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.

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|--|---|--|-----------------------------|
| MINE NAME: Hitch Rack Ranch Quarry | MINE/PROSPECTING ID#: M-2016-010 | MINERAL: Granite, granite gneiss | COUNTY: El Paso |
| INSPECTION TYPE: Preoperation Inspection | INSPECTOR(S): Amy Eschberger | INSP. DATE: June 7, 2016 | INSP. TIME: 10:00 |
| OPERATOR: Transit Mix Concrete Co. | OPERATOR REPRESENTATIVE: Brandon Hesar, Bob Stabo, Paul Kos | TYPE OF OPERATION: 112c - Construction Regular Operation | |
| REASON FOR INSPECTION: Preoperation Inspection | BOND CALCULATION TYPE: N/A – Application in Review | BOND AMOUNT: N/A – Application in Review | |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None | |
| WEATHER: Clear | INSPECTOR'S SIGNATURE: <i>Amy Eschberger</i> | SIGNATURE DATE: July 6, 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.

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|-----------------------------------|-----------|---------------------------------|-----------|------------------------|-----------|
| (AR) RECORDS----- | <u>NA</u> | (FN) FINANCIAL WARRANTY----- | <u>NA</u> | (RD) ROADS----- | <u>NA</u> |
| (HB) HYDROLOGIC BALANCE----- | <u>NA</u> | (BG) BACKFILL & GRADING----- | <u>NA</u> | (EX) EXPLOSIVES----- | <u>NA</u> |
| (PW) PROCESSING WASTE/TAILING---- | <u>NA</u> | (SF) PROCESSING FACILITIES----- | <u>NA</u> | (TS) TOPSOIL----- | <u>NA</u> |
| (MP) GENL MINE PLAN COMPLIANCE- | <u>NA</u> | (FW) FISH & WILDLIFE----- | <u>NA</u> | (RV) REVEGETATION---- | <u>NA</u> |
| (SM) SIGNS AND MARKERS----- | <u>NA</u> | (SW) STORM WATER MGT PLAN---- | <u>NA</u> | (CI) COMPLETE INSP---- | <u>NA</u> |
| (ES) OVERBURDEN/DEV. WASTE----- | <u>NA</u> | (SC) EROSION/SEDIMENTATION--- | <u>NA</u> | (RS) RECL PLAN/COMP-- | <u>NA</u> |
| (AT) ACID OR TOXIC MATERIALS----- | <u>NA</u> | (OD) OFF-SITE DAMAGE----- | <u>NA</u> | (ST) STIPULATIONS----- | <u>NA</u> |

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This was the second preoperation inspection of the proposed Hitch Rack Ranch Quarry (DRMS File No. M-2016-010) conducted by Amy Eschberger, Peter Hays, Tim Cazier, and Tony Waldron of the Division of Reclamation, Mining and Safety (Division). The Division conducted the first preoperation inspection on April 12, 2016. The preoperation inspections are part of the review process of the 112c permit application that was filed with the Division on March 8, 2016 by Transit Mix Concrete Co. (applicant). The proposed permit area is 392.75 acres (**see enclosed Google Earth image of site**). The primary commodity to be mined is granite for use as construction aggregate. The proposed post-mining land use is wildlife habitat. The applicant was represented during the inspection by Brandon Heser, Bob Stabo, and Paul Kos.

The site is located approximately ten miles southwest of Colorado Springs, in El Paso County. The site is accessed from Hwy 115 via Little Turkey Creek Road. Unauthorized access to the property is controlled by locked gate. The application proposes to construct a new haul road from Hwy 115, which will approach the mining area from the southeast. This new road will cross the Hitch Rack Ranch property. Mine traffic will not utilize the existing Little Turkey Creek Road. The application identifies RMBC Group, LLC as the landowner for the proposed affected land.

The public notice signs, required under Rule 1.6.2(1)(b), were posted on Little Turkey Creek Road and at the location of the proposed access road from off of Hwy 115. BIO-Logic, Inc. personnel were on site, conducting a survey of nesting raptors for the area. Mr. Kos noted that BIO-Logic, Inc. had just completed the second survey for Mexican spotted owl the night before the inspection. Results of these wildlife surveys will be submitted to the Division prior to the application decision/recommendation date.

The proposed North Pit area was accessed by a drill hole exploration road. Boreholes along the drill road include (from west to east) B2, HC002-15, B3, HC004-15, B4, HC003-15, and HC005-15. These boreholes appeared to be sealed at the surface as required for dry boreholes. The Division observed the North Pit area (north of Little Turkey Creek; **Photos 1-3**), the North Pit Extension area (north of Deadman Creek; **Photo 4**), and the South Pit area (south of Little Turkey Creek; **Photos 5 and 6**). The applicant proposes leaving the eastern portion of the ridge in the North Pit area to minimize visibility of the quarry from the east. The Division observed a small mica quarry on the North Pit Extension ridge, noted in the application (**Photo 7**). According to Mr. Kos, the quarry disturbance is located outside of the eastern proposed affected land boundary. This will be clarified in the applicant's response to the Division's preliminary adequacy review. Looking east from the eastern ridge, the Division observed a few of the residences located to the east of the proposed mine site (**Photo 8**). It appeared that much of their view of the North Pit would be blocked by the eastern ridge.

The South Pit area was approached by a drill hole exploration road. Boreholes HC006-15, B5, and B6 were observed and appeared to have been sealed at the surface. The South Pit area consists of a series of steep, rocky ridges and valleys with dense tree cover (**Photos 9 and 10**). From a high point near the center of the proposed South Pit area, the Division observed the far eastern ridge in the North Pit area (mentioned above) which the applicant proposes to leave as a visual screen (**Photo 11**). Overall, visibility of the proposed pit areas appears to be significantly shielded by ridges surrounding the site (**see enclosed Google Earth Images no. 1-5 showing different perspective views of proposed affected land**).

Portions of the North Pit area were accessed by Deadman Creek Road (**Photos 12 and 13**). Survey stakes were observed nearby Deadman Creek Road, marking the proposed 100 foot wide crossing that would be constructed during mining phase IV. This access road would connect the North Pit to the North Pit Expansion. An existing access road is present in the North Pit Expansion area (**Photo 14**). This road appears to have been used to access the old mica quarry located on the eastern edge of the ridge, north of Deadman Creek. According to the

proposed mining plan for the North Pit Expansion, the pit would expand eastward across the fault valley, and partially up the side of the ridge. As with the North Pit, the eastern portion of the ridge would be left to help reduce visibility of this pit from the east. The Division observed Borehole HC007-15 along the existing road that enters the proposed North Pit Expansion. This borehole appeared to be sealed at the surface as required.

The Division observed the eastern portion of the proposed affected land where the new access road would be constructed. The alignment of the proposed new access road was marked with survey lath (**Photos 15 and 16**). The haul road would cross Hitch Rack Ranch Road in two areas. The applicant will need to obtain structure agreements for all existing roads inside of or within 200 feet of the proposed affected land. There were two small ponds located off of Hitch Rack Ranch Road, one was labeled as Glen Cairn Reservoir in the application. Because these ponds are located more than 200 feet from the proposed affected land (access road), no structure agreements are required for these structures. The eastern edge of the proposed affected area (where the access road would enter the property) abuts to Hwy 115 and is also within 200 feet of a road located on the other side of Hwy 115 that appears to enter the Fort Carson area. Therefore, the applicant will need to obtain structure agreements for both of these roads. The Division observed the area along the proposed access road where the scale house would be constructed (**Photo 17**). From this location, the access road would turn north, entering the ridges of the South Pit area. This area would require some blasting to make way for the access road.

In combination with the partial pre-operation inspection that was conducted on April 12, 2016, and an aerial inspection that was conducted on June 17, 2016, the Division has now completed a full preoperation inspection of the site. No problems were observed during this inspection. However, the Division recommends the operator properly delineate the affected land boundary with clearly visible markers as soon as possible.

PHOTOGRAPHS



Photo 1. View looking west from drill road located at top of ridge in proposed North Pit area. All of land in foreground would be mined (not including tall ridges in background).



Photo 2. View looking east from drill road located at top of ridge in proposed North Pit area. All of land in foreground would be mined up to top of eastern ridge shown in background.



Photo 3. View looking southwest from drill road located at top of ridge in proposed North Pit area. North Pit would include all land in foreground. Drill pad for borehole B1 visible on side of ridge (at center; indicated). Tall ridges in background are outside of proposed affected land.



Photo 4. View looking north/northwest from eastern end of drill road located at top of ridge in North Pit area, showing proposed North Pit Expansion area north of Deadman canyon.



Photo 5. View looking southwest from drill road located at top of ridge in North Pit area, showing western portion of proposed South Pit area located south of Little Turkey Creek canyon. For reference, the proposed valley location for storage of fines/overburden is indicated.



Photo 6. View looking south from drill road located at top of ridge in North Pit area, showing eastern portion of proposed South Pit area located south of Little Turkey Creek canyon.



Photo 7. View looking north from eastern end of drill road located at top of ridge in North Pit area, showing small existing mica quarry (circled) present to the east of proposed North Pit Expansion.

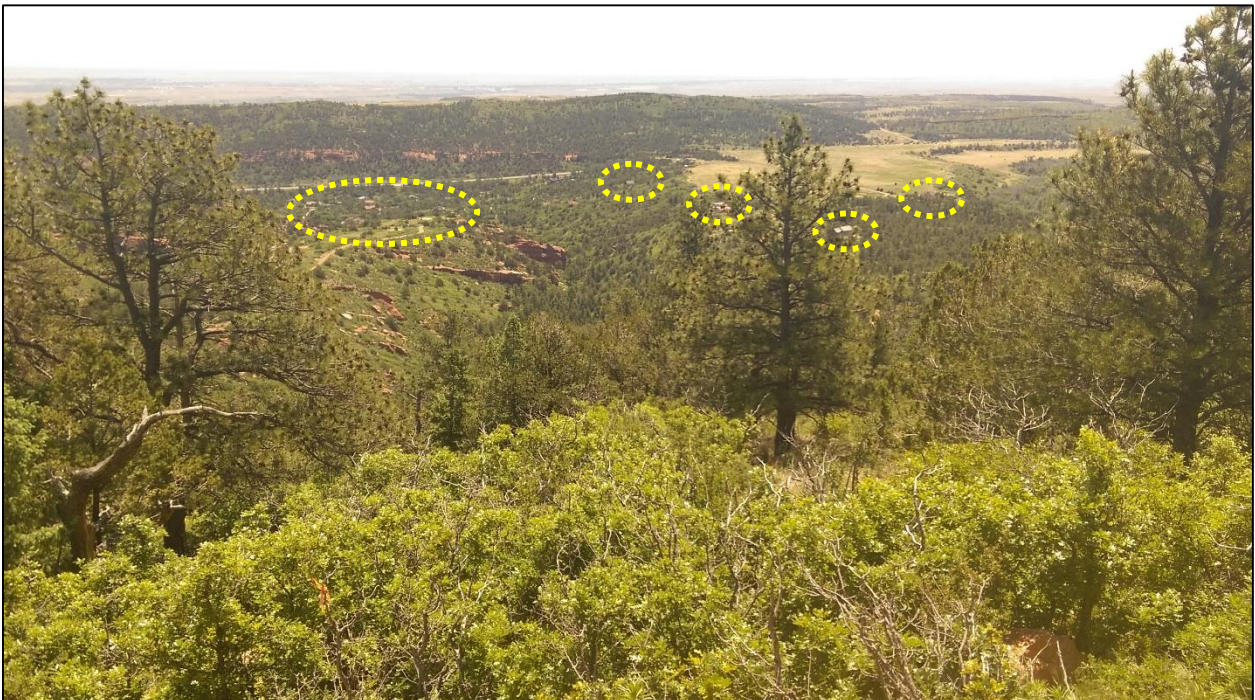


Photo 8. View looking east from eastern end of drill road located at top of ridge in North Pit area, showing a few homes visible to the east of the proposed site (circled). All land shown in photo is outside of proposed affected area.



Photo 9. View looking east from drill road located at top of ridge in South Pit area, showing steep topography with dense tree cover. All land shown in photo would be mined.



Photo 10. View looking downhill from drill road located at top of ridge in South Pit area, showing steep topography with dense tree cover. All land shown in photo would be mined.



Photo 11. View looking northeast from drill road located at top of ridge in South Pit area, showing steep topography with dense tree cover. Note ridge in background that would be partially mined, leaving eastern side to help reduce visibility from east.

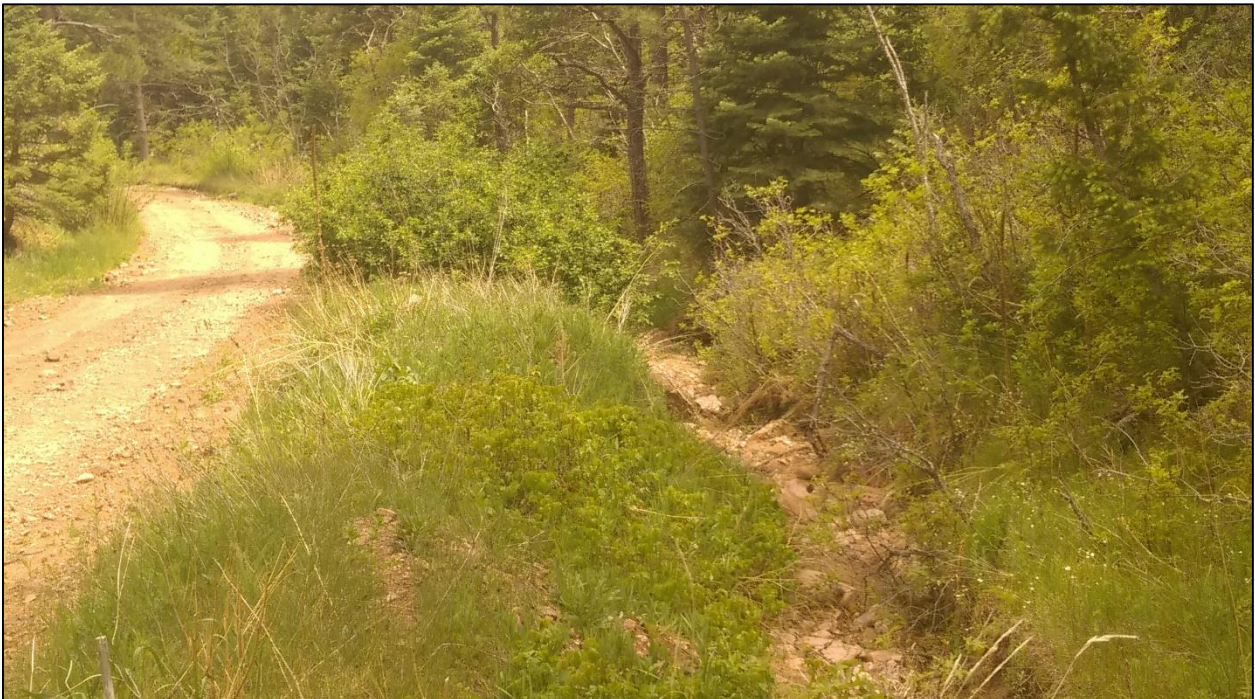


Photo 12. View looking southeast from Deadman Creek Road (at left), showing Deadman Creek (at right) that was dry at the time of the inspection.



Photo 13. View looking southwest from North Pit Extension area, showing northeast side of North Pit ridge with dense tree cover.



Photo 14. View looking northeast from Deadman Creek Road, showing existing road that leads to old mica quarry. The proposed crossing into North Pit Extension would utilize this existing road.



Photo 15. View looking east across relatively flat land with native grasses and shrubs where proposed access road would cross Hitch Rack Ranch property.



Photo 16. View looking east across relatively flat land with native grasses and shrubs where proposed access road would cross. Note wooden stake marking centerline of proposed road.



Photo 17. View looking west/southwest across location of proposed scale house south of access road.

Inspection Contact Address

Andre LaRoche
Transit Mix Concrete Co.
444 E. Costilla St.
Colorado Springs, CO 80903

Enclosure(s): 6 Google Earth images of site showing proposed affected lands from various perspectives

Cc: Paul Kos, Norwest Corporation (via email)

Tony, Waldron, DRMS
Wally Erickson, DRMS
Peter Hays, DRMS
Tim Cazier, DRMS

M-2016-010 / Hitch Rack Ranch Quarry / Transit Mix Concrete Co.

Red Outline = 392.75 acres = Proposed Affected Land (Approximate)

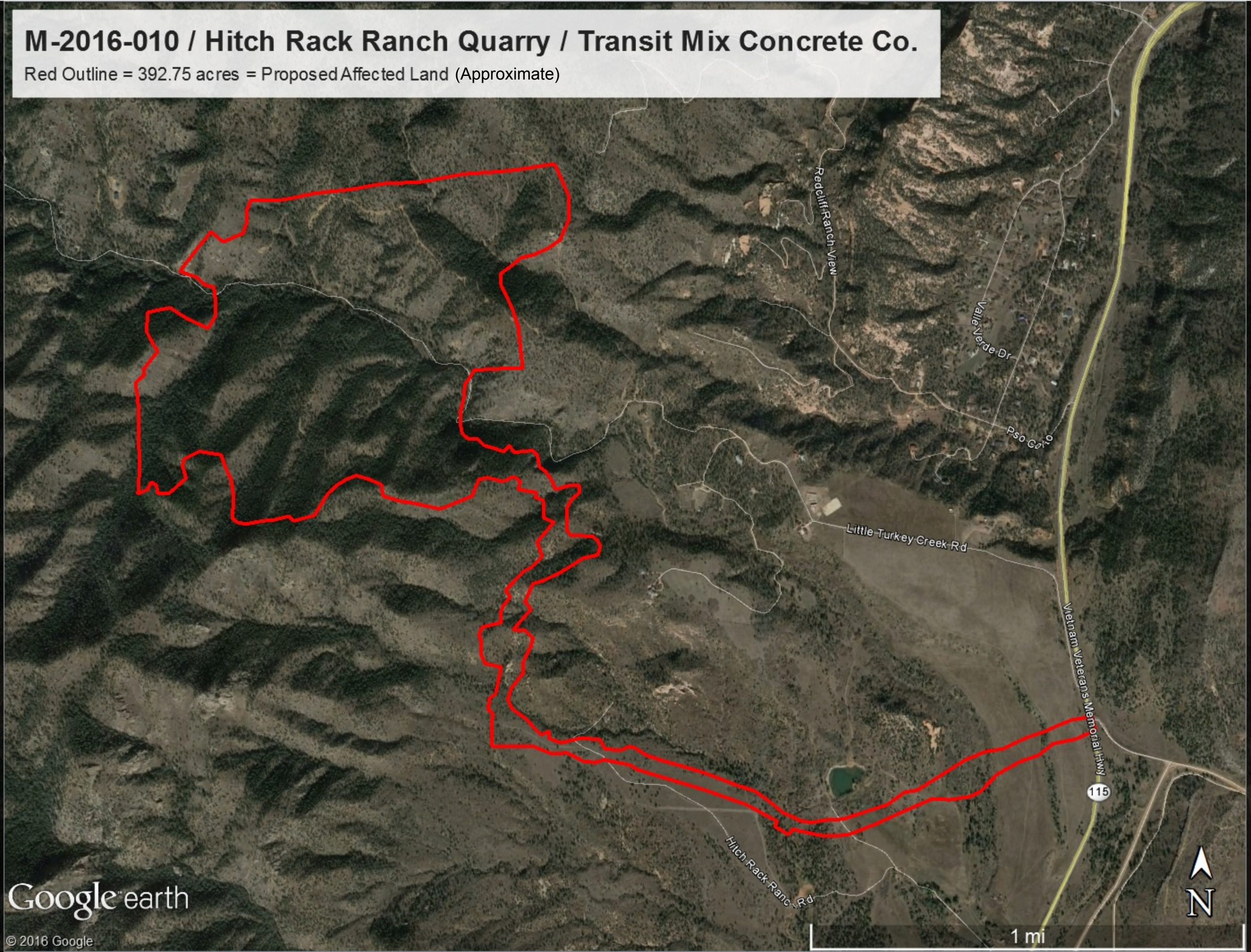


Image No. 1 - Perspective view looking north, showing proposed North Pit Extension area

Red Outline = Proposed Affected Land Boundary

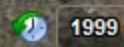


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Image Landsat

Google earth

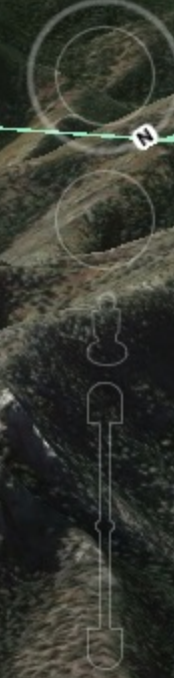
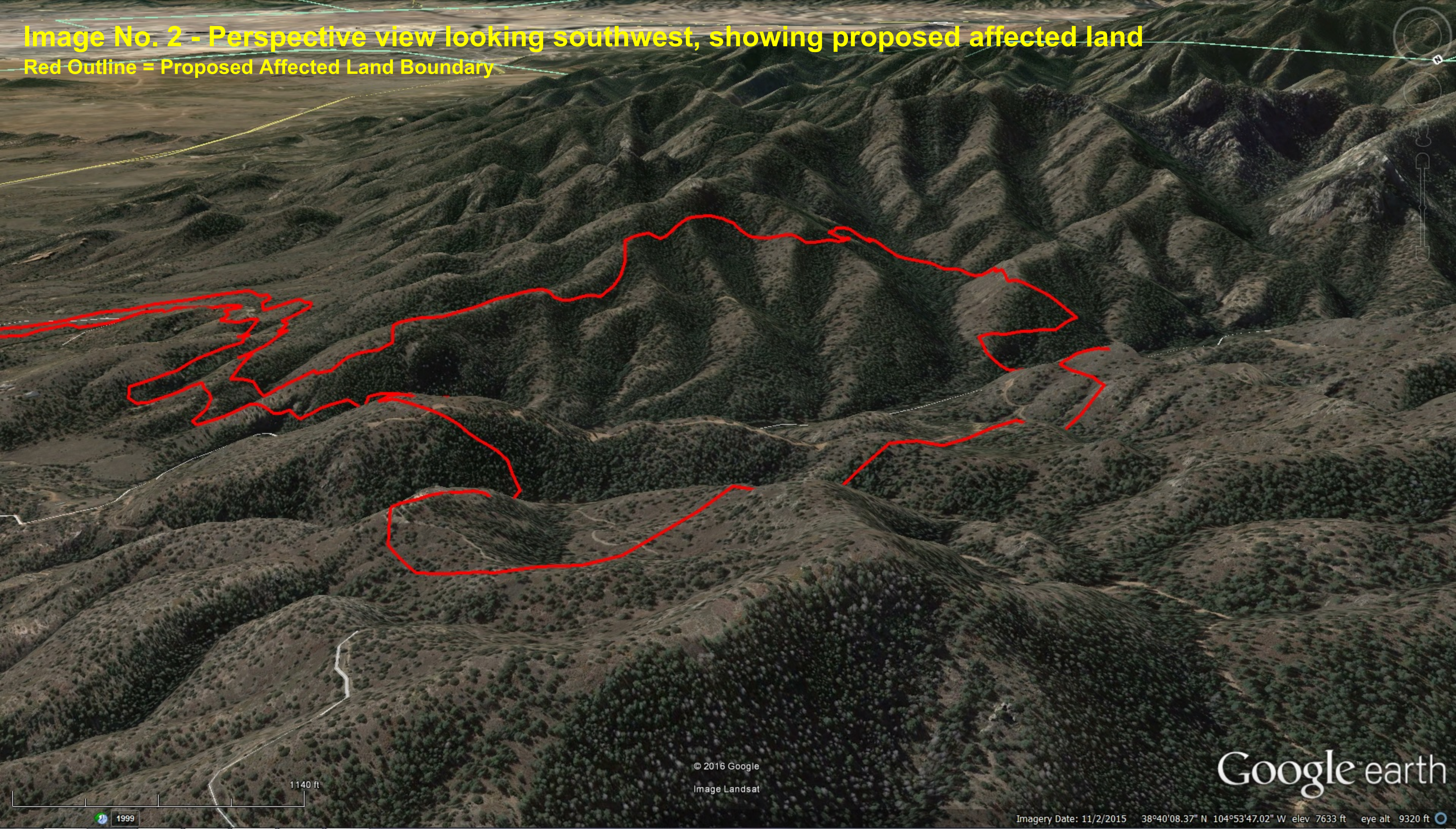
Imagery Date: 11/2/2015 38°40'15.91" N 104°52'44.86" W elev 7164 ft eye alt 7941 ft



1999

Image No. 2 - Perspective view looking southwest, showing proposed affected land

Red Outline = Proposed Affected Land Boundary



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Google earth

Imagery Date: 11/2/2015 38°40'08.37" N 104°53'47.02" W elev 7633 ft eye alt 9320 ft

1999

1140 ft

Image No. 3 - Perspective view looking northeast, showing proposed affected land

Red Outline = Proposed Affected Land Boundary



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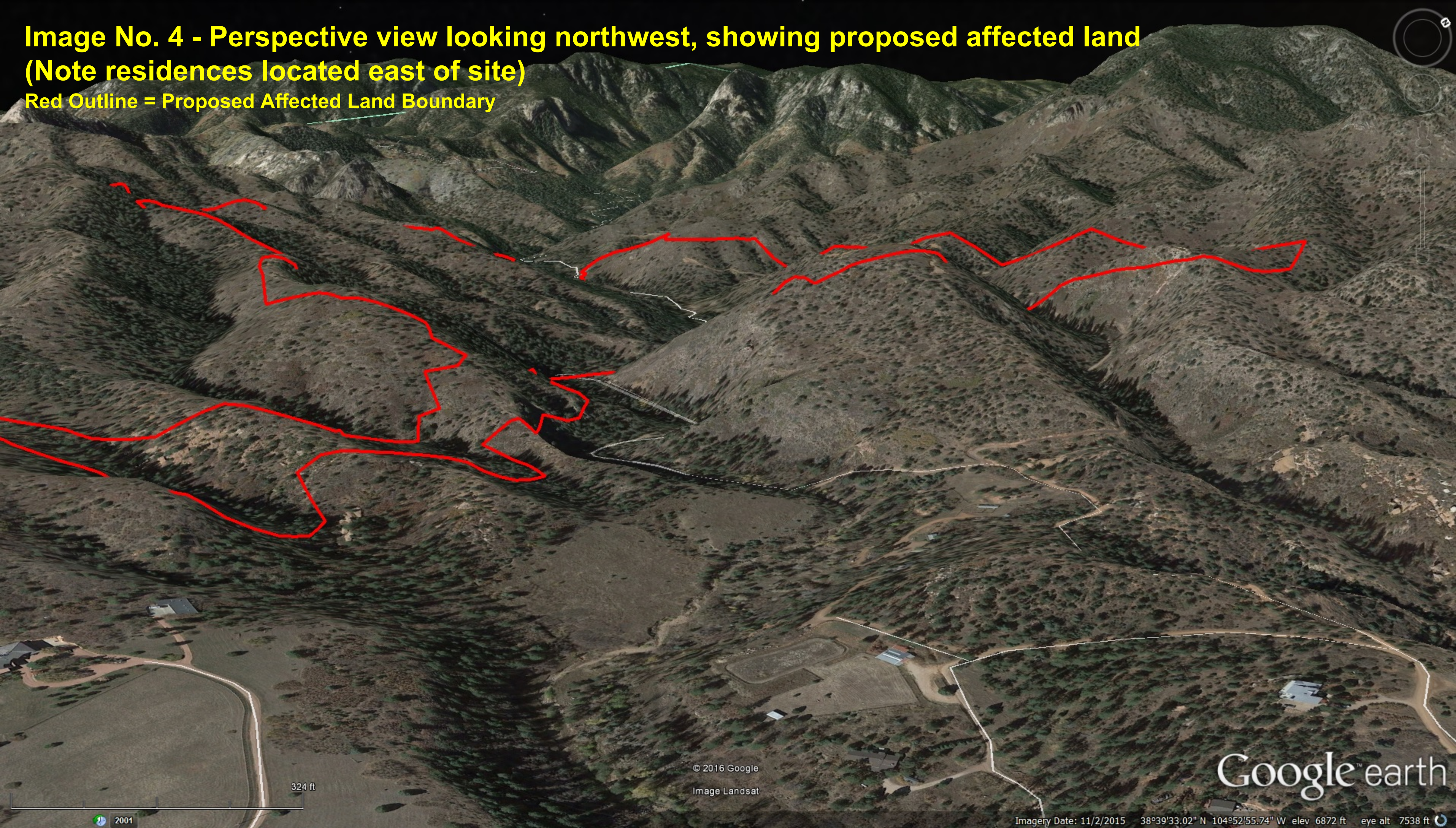
Google earth

Imagery Date: 11/2/2015 38°41'33.23" N 104°49'48.12" W elev 6201 ft eye alt 8935 ft

1999

**Image No. 4 - Perspective view looking northwest, showing proposed affected land
(Note residences located east of site)**

Red Outline = Proposed Affected Land Boundary



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Google earth

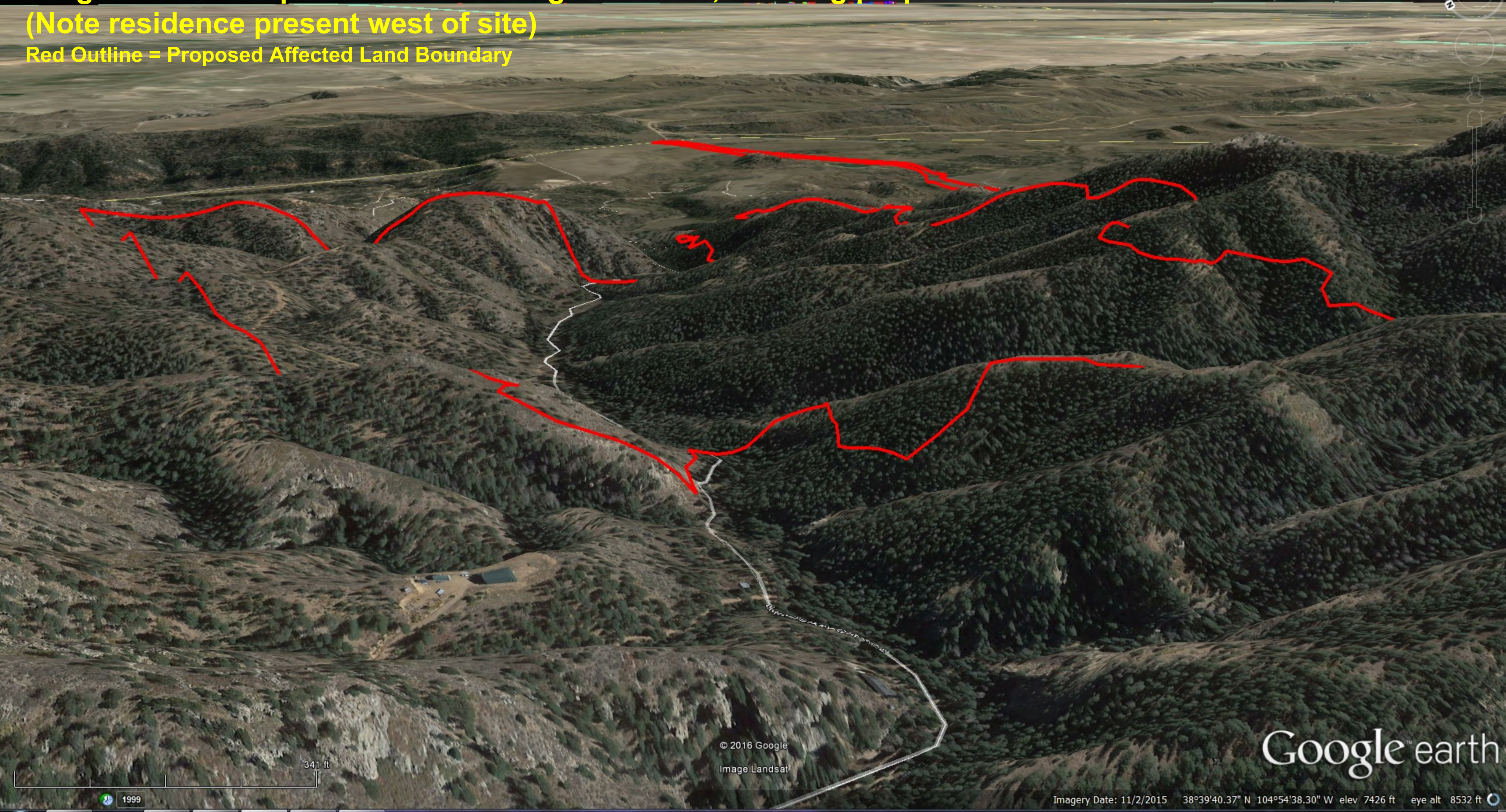
Imagery Date: 11/2/2015 38°39'33.02" N 104°52'55.74" W elev 6872 ft eye alt 7538 ft

2001

Image No. 5 - Perspective view looking southeast, showing proposed affected land

(Note residence present west of site)

Red Outline = Proposed Affected Land Boundary



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Google™ earth

Imagery Date: 11/2/2015 38°39'40.37" N 104°54'38.30" W elev 7426 ft eye alt 8532 ft