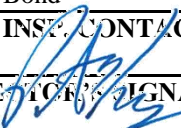




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Connell Carr Pit	MINE/PROSPECTING ID#: M-2014-001	MINERAL: Sand and gravel	COUNTY: Weld
INSPECTION TYPE: Monitoring	INSPECTOR(S): Peter S. Hays	INSP. DATE: June 8, 2016	INSP. TIME: 10:00
OPERATOR: Connell Resources, Inc.	OPERATOR REPRESENTATIVE: Kevin Anderson	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$146,495.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR SIGNATURE: 	SIGNATURE DATE: July 20, 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>Y</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>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</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>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>

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

OBSERVATIONS

The Connell Carr Pit was inspected by Peter Hays with the Division of Reclamation, Mining and Safety (Division/DRMS) as part of the Division's monitoring inspection program. Mr. Kevin Anderson with Connell Resources, Inc. was present during the inspection. The site was previously inspected by the Division on February 21, 2014 for the required pre-operational inspection. This is the first inspection of the site while actively mining.

The site is permitted for 456.0 acres with 382.0 acres of disturbance. The Mine Plan is divided into 2 phases separated by Lone Tree Creek. Mining excavation was progressing from the northwest corner of Phase 1 toward the southeast. An asphalt plant and aggregate processing plants were observed in the middle of Phase 1. Stockpiles of materials were observed around the processing plants. A scale house and maintenance building were observed west of the access road in the southern portion of the site. The 2015 annual report submitted by the Operator accurately depicted the current condition of the site. Concurrent reclamation was observed in the southwest corner and west of the asphalt plant during the inspection. Overburden stripped ahead of mining activities was placed in excavated areas behind the active excavation face.

The approved post mining land use is rangeland. Reclamation has occurred in the southern portion and northeast portion of the site as indicated on the annual report map. Overburden and topsoil stockpiles were observed along the west and south boundaries of the site.

Photographs taken during the inspection are attached. No problems were noted during the inspection.

Inspection Contact Address

Mr. Kevin Anderson
Connell Resources, Inc.
7785 Highland Meadows Parkway
Fort Collins, CO 80528

Cc: Wally Erickson; DRMS

PHOTOGRAPHS



Connell Carr Pit sign



Looking south from NW corner of site



Looking SE from NW corner of site



Looking east from SW corner of disturbance area



Looking NE from SW corner of disturbance area



Looking north from SW corner of disturbance area



Looking NW from SW corner of disturbance area



Looking north from south end of site at concurrent reclamation