September 28, 2016

Julie Sevier Pioneer Sand Company, Inc. PO Box 7650 Colorado Springs, CO 80933



1313 Sherman Street, Room 215 Denver, CO 80203

RE: Fedinec Pit, Permit No. M-1977-057, Unresolved Problem(s) Noted in a Past Inspection Report

Dear Ms. Sevier:

According to records kept by the Division of Reclamation, Mining and Safety, some problem(s) noted in a past mine site inspection report from May 10, 2016 have not been corrected. The corrective action due date was August 18, 2016. Several conversations with Mr. Brantley indicated that the requested documentation would be submitted. The Division has yet to receive the necessary corrective action documentation. The corrective action identified need to be addressed within 30-day of this letter and accepted by the Division's Denver office no later than October 28, 2016.

It is noted that on August 19, 2016 Mr. Brantley requested a 90-day extension request via email. Mr. Brantley was made aware that his request was insufficient and a stand-alone PDF was required. Also that the Division would not approve 90-day given the fact that several preliminary maps had been received and the Division did not see the need for additional time. Pioneer was directed to submit the information as soon as possible to begin resolving this matter. It was also advised that discussions with Mr. Fedinec about taking over the permit should not be entertained until the permit is in good standing with the Division and that should not be a reason to delay this matter.

Please see the enclosed inspection report for the above noted mine site, issued as a result of a past inspection of this site. Problems noted in this report that remain unresolved according to our records, have been highlighted. This information must be received by the Denver office no later than October 28, 2016.

To avoid potential future enforcement actions for non-compliance with State Statutes, Rules and Regulations, and/or conditions specified in your permit for this site, you must submit compliance documentation with the corrective actions no later than *Friday, October 28, 2016*.

If you require additional information, or have questions or concerns, please feel free to contact me. 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

Sincerely,

Amv Yeldell

my Geldell



Environmental Protection Specialist Department of Natural Resources Division of Reclamation, Mining and Safety

Phone: (970) 254-8511 Fax: (970) 241-1516

Ec:

Russ Means, Senior EPS, Grand Junction DRMS Wayne Brantley, Pioneer Sand Company, Inc.



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:	MINE/PROSPECTING ID#:	MINERAL: COUNTY:	
Fedinec Pit	M-1977-057	Crushed stone materi Moffat	
INSPECTION TYPE:	INSPECTOR(S):	INSP. DATE: INSP. TIME:	
Monitoring	Amy C. Yeldell	May 10, 2016 12:00	
OPERATOR:	OPERATOR REPRESENTATIVE:	TYPE OF OPERATION:	
Pioneer Sand Company, Inc.	Wayne Brantley	110c - Construction Limited Impact	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$19,300.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE:	SIGNATURE DATE: May 23, 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: Availability Of Records

PROBLEM/POSSIBLE VIOLATION: Problem: It appears that approximately 11 acres have been affected which is larger than the approved 5 acres. Depending on the extent of disturbances this could be a possible violation pursuant to: 1.) C.R.S. 34-32.5-109(1) for failure to first obtain from the board or office a reclamation permit prior to engaging in a new operation. AND/OR 2.) C.R.S. 34-32.5-116(4)(i) for failure to protect areas outside of the affected land from slides or damages occurring during the mining operation.

CORRECTIVE ACTIONS: The operator shall, survey the current disturbance to clarify the total affected acreage to date. The operator shall provide the Division with documentation of their findings, including updated maps by the corrective action date. Upon receipt of this information the Division will make its determination of how to proceed forward and rectify the situation.

CORRECTIVE ACTION DUE DATE: 8/18/16

INSPECTION TOPIC: Signs & Markers

PROBLEM/POSSIBLE VIOLATION: Problem: The mine identification sign was not posted at the entrance of the mine site. This is a problem for failure to post a mine identification sign as required by Section 3.1.12(1) of the rule.

CORRECTIVE ACTIONS: The operator shall, at the entrance of the mine site, post a sign which shall be clearly visible from the access road with the following: the name of the operator, a statement that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board; and the permit number. The operator shall submit photo documentation that a proper sign has been posted by the corrective action date.

CORRECTIVE ACTION DUE DATE: 7/18/16

OBSERVATIONS

This inspection was conducted as part of the Colorado Division of Reclamation, Mining and Safety (Division) normal monitoring program. The Fedinec Pit is a 110c permitted site that includes a total of 5 permitted acres. This site is located approximately five miles southeast of Craig, Colorado and is accessed from Moffatt County Road 120. Wayne Brantley represented Pioneer Sand Company, Inc. and accompanied Amy Yeldell of the Division on the inspection.

Some t-posts were observed though it is unclear which or if all of them make up the permit boundary markers. The post and wood backing of where the mine sign was placed was observed. No actual sign was present. This is cited as a problem the operator shall post adequate signage per Rule 3.1.12.

The site was inactive at the time of the inspection. According the annual reports the site has been active and some reclamation work was conducted in 2013. This site is approved for intermittent status which requires that a site be active annually. If the mine ceases production for more than a year it shall go into temporary cessation or begin final reclamation. No equipment, fuel or structures were observed. Lots of miscellaneous metal was observed. This needs to be removed upon final reclamation.

Several berms and benches were observed. They are mostly stable and the lower ones appear to be reclaimed and have vegetative cover. Some erosion was observed on the stepper slopes. The site was very wet at the time of the inspection. Also there are a few stockpiles of riprap and soil material. It is unclear which stockpile is the remaining topsoil pile. The upper/ northwest corner is mostly bare rock outcrops and low vegetation along the top ridges.

Some weeds were observed, specifically scotch thistle. This spring has been abnormally wet which has made it difficult to effectively spray. The operator is encourage to coordinate with a licensed sprayer and treat all noxious weeds as weather conditions allow.

The mining plan calls for multiple benches with a minimum width of 20' between each bench and highwalls that are approximately 40' tall. Final reclamation allows for these benches to remain with a flat pit floor graded to an elevation of 6800'. Then 6"-12" of topsoil will be replaced and the benches and pit floor will be seeded. The consolidated slopes are approved to be left at maximum of 80 degrees or a 1.25:1 slope. Non-

consolidated material may be left at a maximum of 60 degrees or 1.5:1 slope. In laserfiche there are documents from application process where the Division requested additional geotechnical stability analysis for such steep slopes. However nothing further on this topic can be found in the file. Such steep sloping is non-typical of the Division by today's standards especially with the post mining land use of Pastureland (limited cattle grazing). The Division would caution the operator about leaving such steep slopes especially in unconsolidated material as this could lead to future erosion issues. All slopes should naturally blend in with surrounding topography and be stable and free of erosion. It is also noted that all recent bond calculations and inspections have made the assumption that slopes will be reclaimed to the Divisions standard 3:1 slope. Permit documentation is attached.

The original permit application mentioned the mine access road needs to be incorporated into the mining permit boundary. No maps to date have depict this road. Also the original reclamation plan does not specify if the mine access road shall be removed upon final reclamation. Please clarify this through a Technical Revision (TR).

The current site conditions do not meet the approved reclamation plan configuration. The operator shall submit a Technical Revision to update the reclamation plan to meet as built conditions prior to requesting release.

In the July 1998 succession of operator inspection report (attached), Division staff noted that Pioneer believed the site to be larger than the approved boundary. Division staff recommended that the site be resurveyed to distinguish what disturbances were pre-law verse active mining. The Division has no records of this delineation being made. The original permit boundary is a 5 ac square. No new maps have been submitted since the 1977 permit application. There are no coordinates to pinpoint where the corners are located within the mine site. Staff digitized using google earth what appears to be the affected lands. This permit boundary does not match the boundary delineated in the permit. The site appears to be approximately 11 acres which is larger than the approved 5 acres or a 110c permit limit. This acreage discrepancy is cited a problem. Depending on the extent in which land has been affected outside of the permit boundary this may be a possible violation of mining without a permit or failure to protect lands from off-site damages. The Division is requesting that the operator survey the current disturbance to clarify the total affected acreage to date. Then the operator shall provide the Division with documentation of their findings, including an updated map, by the corrective action date. Upon receipt of this information the Division will make its determination of how to proceed forward and rectify the situation.

During the inspection it was mentioned this site would be fully reclaimed or transferred if a successive operator was found. Please note that the Division cannot process a Succession of Operator request until the acreage discrepancy is resolved nor can the site be released.

Currently the Division holds a Financial Warranty in the amount of \$19,300 for this site. The last surety increase was calculated in 2012. The Division will wait for the acreage discrepancy to be resolved prior to determining if the current bond is adequate or if a surety increase shall be necessary.

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









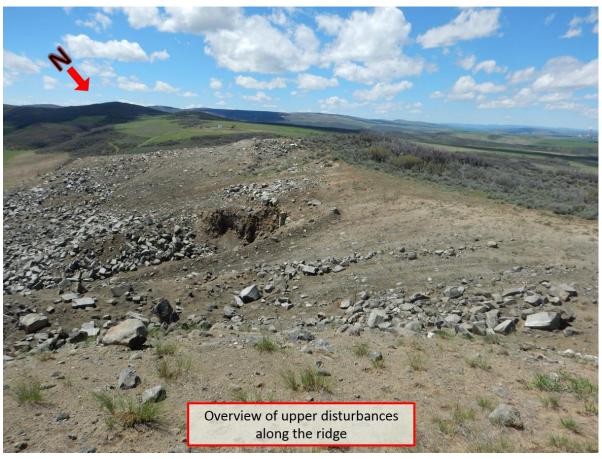




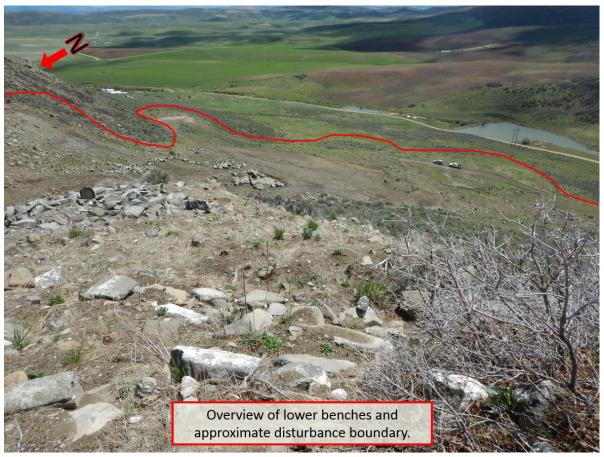
















PERMIT #: M-1977-057 INSPECTOR'S INITIALS: ACY INSPECTION DATE: May 10, 2016

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

(AR) RECORDS <u>PB</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>NA</u>
(PW) PROCESSING WASTE/TAILING NA	(SF) PROCESSING FACILITIES NA	(TS) TOPSOIL \underline{Y}
(MP) GENL MINE PLAN COMPLIANCE- N	(FW) FISH & WILDLIFE <u>Y</u>	(RV) REVEGETATION <u>Y</u>
(SM) SIGNS AND MARKERS PB	(SW) STORM WATER MGT PLAN <u>Y</u>	(CI) COMPLETE INSP Y
(ES) OVERBURDEN/DEV. WASTE <u>NA</u>	(SC) EROSION/SEDIMENTATION Y	(RS) RECL PLAN/COMP Y
(AT) ACID OR TOXIC MATERIALS NA	(OD) OFF-SITE DAMAGE <u>N</u>	(ST) STIPULATIONS \underline{Y}

Inspection Contact Address

Julie Sevier Pioneer Sand Company, Inc. P.O. Box 7650 Colorado Springs, CO 80933

Enclosure

CC:

Russ Means, Senior EPS / Field Office Supervisor, Grand Junction DRMS Wayne Brantley, Pioneer Sand Company, Inc.

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





COLORADO DIVISION OF MINERALS AND GEOLOGY MINERALS PROGRAM INSPECTION REPORT PHONE: (303) 866-3567

The Division of Minerals and Geology has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance of the mining operation with the permit and the regulations of the Mined Land Reclamation Board. The report notes 1) Areas of successful compliance; 2) Problems and suggested corrective actions and/or 3) Possible violations to be considered for possible enforcement action by the Mined Land Reclamation Board. OPERATORS SHOULD READ THIS REPORT CAREFULLY BECAUSE IT MAY REQUIRE CORRECTIVE ACTION AND/OR RESPONSES TO THE DIVISION IN ORDER TO AVOID CONSIDERATION OF POSSIBLE ENFORCEMENT ACTION BY THE MINED LAND RECLAMATION BOARD.

MINE NAME: Fedinec Pit		OPERATOR: Leon Fedinec	
COUNTY: Moffat	MINERAL: Gravel	TYPE OF OPERATIO	N: 110 surface
INSPECTOR(S): Erica Crosby /	Carl Mount _ (Ma woo	
MINE ID # OR PROSPECTING ID #	: <u>M</u>	- 77-057	
INSPECTION DATE	07-16-98	DATE OF COMPLAINT	_NA_
INSPECTOR'S INITIALS	ESC/CBM	TIME OF DAY (MILITARY)	09:30
INSPECTION TYPE CODE(1)	MI	POST INSP. CONTACTS(2)	NO
JOINT INSP. AGENCY CODE (2)	_NO_	REASON FOR INSP. CODE(1)	<u>IE</u>
WEATHER CODE(4) CL	OP. REP. PRESENT	Leon Fedinec	
 INSPECTION TYPE CODE - [CL-IN operation] 	: IL-Illegal Operat	ion, MI=Monitoring, MP+Mineral Prospect,	SI=Surety-related, PR=Pre-
2. POST INSPECTION CONTACTS AND JO		CODE - [CL-AG: NO=None, BL=BLM, CH=Colo.	
		Dept., LG=Local Government, SE=State Eng ency Request, CT=Citizen Complaint, IE=N	
	udy, CR=Clear, IN=Inc	lement - prevented inspection, RN=Raining	, SN=Snowing, WD=Windy]

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. IF PB OR PV IS INDICATED, YOU SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF YOUR PERMIT AND APPLICABLE RULES AND REGULATIONS. If PV is indicated, you will be notified under separate cover when the Mined Land reclamation Board will consider possible enforcement action.

GENERAL INSPECTION TOPICS

(AR) RECORDS	Y	(FN) FINANCIAL WARRANTY	Y	(RD) ROADS
(HB) HYDROLOGIC BALANCE	Y	(BG) BACKFILL & GRADING	Y	(EX) EXPLOSIVES NA
(PW) PROCESSING WASTE/TAILINGS .	NA	(SF) PROCESSING FACILITIES .]	NA	(TS) TOPSOIL Y
(MP)GENL MINE PLAN COMPLIANCE .	¥	(FW) FISH & WILDLIFE	Y	(RV) REVEGETATION PB
(SM) SIGNS AND MARKERS	<u>P</u> B	(SP) STORM WATER MGT PLAN	Y	(SB) COMPLETE INSP Y
(ES) OVERBURDEN/DEV. WASTE	X	(SC) EROSION/SEDIMENTATION .)	<u>Y</u>	(RS) RECL PLAN/COMP Y
(AT) ACID OR TOXIC MATERIALS	NA	(OD) OFF-SITE DAMAGE]	NA	(ST) STIPULATIONS NA
Y - Inspected and Found in Compliance		PV - Inspected and Possible Violation	กร	Noted PB = Inspected and

Problems Noted

N = Not Inspected

NA = Not Applicable

MINE ID # OR PROSPECTING ID # INSPECTION DATE 07-17-98

M - 77 - 057

INSPECTOR'S INITIALS ESC/CBM

OBSERVATIONS

This was an inspection of the Fedinec Pit conducted by Erica Crosby and Carl Mount of the Colorado Division of Minerals and Geology. Leon Fedinec, the operator, was present during the inspection. Also present during the inspection were Gary and Amy Schnurr of Pioneer Sand Company, Inc. The Operator and Pioneer Sand have filed with the Division a succession of operators application. The main purpose of the inspection was to collect data in order to reevaluate the performance bond held by the Division. Weather conditions on site were clear and warm. Ground conditions were dry.

The Fedinec Pit is a 110 operation, permitted to affect 5 acres. Pioneer Sand Co. stated that the affected area may be extended to 9.9 acres. Mining was not taking place during the inspection. The mine is a quarry operation used in the past for crushed stone. The rock is mined from a nearly vertical face roughly 80 feet high. Limited topsoil was available to salvage for reclamation. The present reclamation plan is to have one bench 20 feet wide. There are currently two benches on site. The upper bench is roughly 220 feet long * 100 feet wide * 30 feet high. The bench outslopes are at an estimated grade of 2h:1v. The dimensions of the lower bench are 160 feet long * 20 feet wide * 20 feet high. The outslope of the lower bench is also 2h:1v. The pit is dry. The Division estimated a cost to reduce the slopes of the upper and lower benches to a grade of 3h:1v. A cost for topsoil replacement, ripping, revegetation and mobilization/demoblization to and from the job site was also calculated. The total cost to reclaim the site is \$15,536.00. A formal letter, with a copy of the bond estimate, will be submitted to the current Operator and Pioneer Sand Co.

From the site inspection, it is questionable if enough topsoil is available on site to meet the required depth. The operator should take measures to salvage all available topsoil, as well as screen out the fines to use as topsoil. The permit boundary markers were noted, but a sign needs to be posted stating the name of the Operator, a statement that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board, and the permit number. It appears that a portion of the site may be in a pre-law mined area. It would be in the best interest of the operator to have the area surveyed to determine what area is pre-law and what area is covered under the permit.

A weed problem was also noted on site. Canadian Thistle and Dalmatian Toadflax were noted on the disturbed area, and needs to be controlled. Weed control on the site should be done as soon as possible.

CERTIFIED MAIL NO. Z 193 120 896 RETURN RECEIPT REQUESTED

I & E Contact Address

Leon Fedinec		BL
		FS
3431 County Rd 120		HW
Craig. CO 81625		HIMWMD (CH
		SE
	" 🗇	WQCD (CH)
		OTHER:
	3431 County Rd 120	3431 County Rd 120

cc: Carl Mount; DMG

Barb Chiappone; DMG

Joe Kraig Pioneer Sand Company, Inc P.O. Box 7650 Colorado Springs, CO 80933 MINE ID # OR PROSPECTING ID # INSPECTION DATE 07-17-98

M - 77 - 057

INSPECTOR'S INITIALS ESC/CBM

The following problems (PB) and/or possible violations (PV) (and suggested corrective actions) were identified during this inspection. The problems should be corrected by the dates given, or they will become possible violations. The possible violations should be corrected by the dates given to reduce their severity when considered by the Mined Land Reclamation Board. The inspector noted on the previous page should be notified of all corrective actions taken.

PROBLEMS/POSSIBLE VIOLATIONS AND CORRECTIVE ACTIONS

CORRECTION

DATE

PB1. The operator needs to control the noxious weed species on the site (Canadian Thistle & Dalmatian Toadflax) as soon as possible. Rule 3.1.10(6)

60 days of receipt PB or PV PB Topic(s) RV

Submit a technical revision to the Division outlining a noxious weed control and management plan to be implemented on site. Submit to the Division within 60 days of receipt of this inspection report.

PB2. A mine sign needs to be installed and clearly visible from the access road with the name of the operator, a statement that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board and the permit number. Rule 3.1.12(1)

60 days of receipt PB or PV PB Topic(s) SM

Submit to the Division a photograph of the posted sign within 60 days of receipt of this inspection report.

RECLAMATION PLAN

The pit floor will be leveled and graded at elevation 6800. After reseeding, this site will become a part of the Lessors' livestock grazing operation.

A minimum 20' wide bench will be left at elevation 6840. Cut faces will be left at approximately 80 degrees from the horizontal as per "Colorado Mining Laws" Bulletin 20, Section 116.7 which is approximately the existing condition.

Quillen Company will attempt to place 6^n-12^n of the limited topsoil on the bench at elevation 6840.

The pit floor and bench will be seeded with the following seed as per Soil Conservation Service recommendations:

3#/A Nordan Crested Wheatgrass

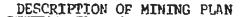
7#/A Luna Pubescent or Amur Intermediate Wheatgrass

1,04

sweet clover

link space while to

11 1 11



This will be a quarry operation to produce crushed stone for various uses. For all practical purposes this is an 80th mountain of rock with little to no topsoil. The limited topsoil available will be stockpiled for use in reclamation,

Operations will be conducted in accordance with "Colorado Mining Laws", Pulletin 20, January 1, 1971, Section 116 -Pits-Quarries - Projects 116.7 "When the face is composed of fairly cemented or consolidated materials that experience indicates do not spall or cave readily, the slope shall not exceed eighty (80) degrees, where the beight is greater than can be reached by the dipper or bucket of the loader or excavator being used". Observations of other operations in the area indicates that the Fecinec Pit material is in the class and will be so worked by the Quillen Company.

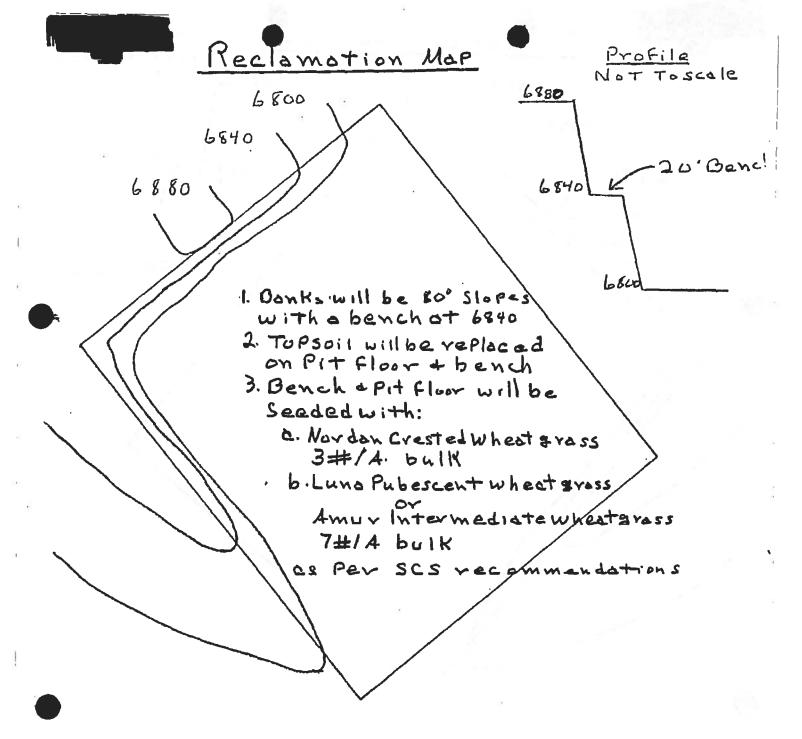
116.2 "When the face or sides of any pit or quarry have more than one (1) working bench, each bench shall have a setback at least one-half (3) the height of a single bench, or each section of the bench." Present plans are to have the floor of the quarry at elevation 6800 and one bench of 20' minimum width at elevation 6840.

Operation will begin on the nearly vertical face at the northeast corner of the quarry (see Mining Plan and Timetable - Exhibit B) then proceed southeast removing material to elevation 6800. After this face is completely opened and material removed, a cut will then be made into the center of the property on the northwest. (Year 1979 - Mining Plan and Timetable - Exhibit B). Extraction will then proceed in a southeasterly direction to the south boundary.

The final phase contemplated now would be to them excavate the southwest side of the side of the property bank to the north property line.

The location of this pitais such that it should not be visible or offensive to the public.

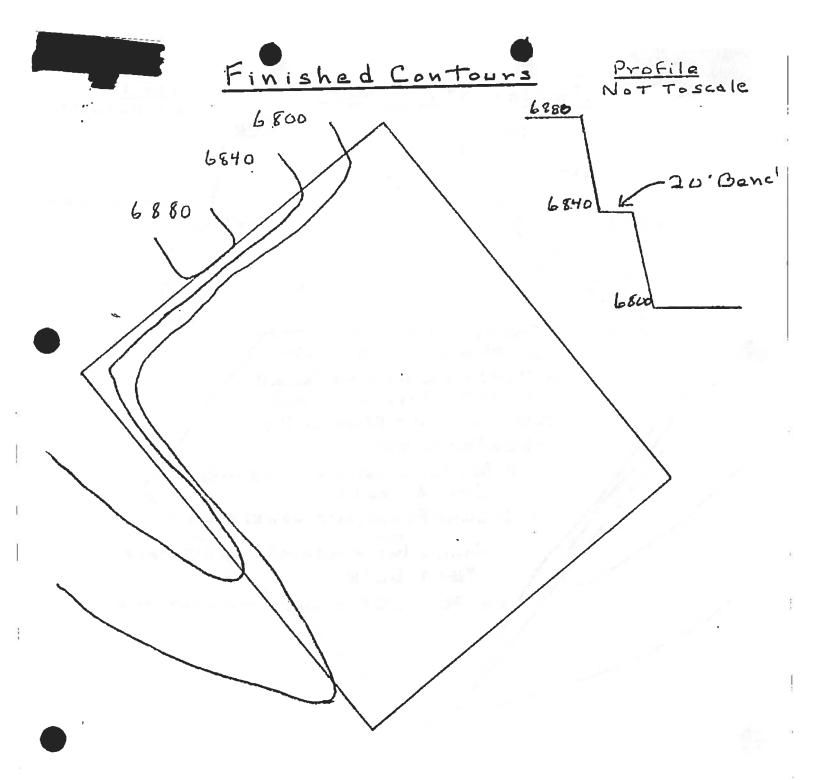
As suggested in 34-32-303(6)(II), we are hereby stating that this pit will be operated less than 180 days per year.



Scale-1"=100'



Quillen Co. Fedinec Pit Lloyd V. Barnhar April 25, 1977

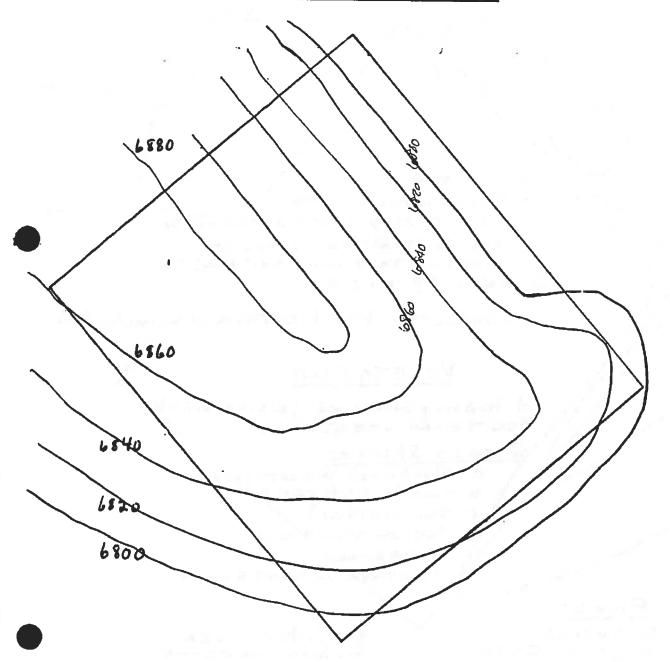


Scale-1"=100'

North

Quillen Co. Fedinec Pit Lloyd V. Barnhar April 25, 1977

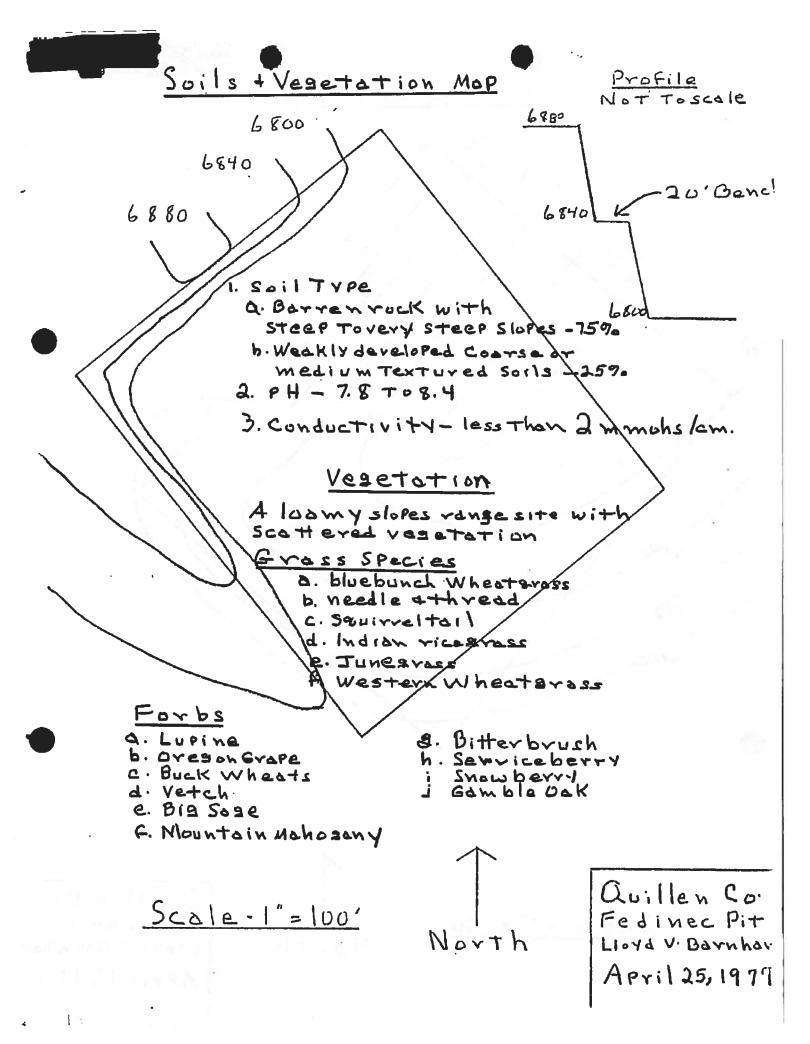
Existing Contours



Scole - 1" = 100'

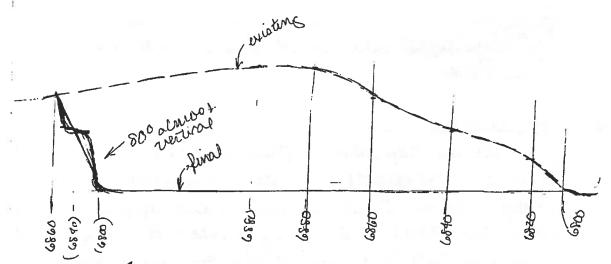


Quillen Co. Fedinec Pit Lloyd & Barnhar April 17, 1977





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	Contractor Federal Pil File # 77.57
	Civil Metrica
500 × 430	Map & Cicreacy
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-	a much exaginated pit area. The other
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	for but don't show any access on any
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	Conditions-not ideal vulamation clopes
- NA	Plan is really wague
	\$1 where is topsoil stockpiled? within
	5 acres!
<u> </u>	#3 describes final configuration but not
	how it will be achieved.
	44- how do they open for ?- how do being
1	remove material?- do there blasting?
h	If so how about starage for Clasting
	materials?
	-the "nearly wertical face" described on
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	Existing Contours Mas - is: No where
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10.00.0	who there examplians on site. ? Lease must theme
in which	The state of the s



This is cross section through EN diagonal of area. Max slopes must be compatible with configuration of our ounding Conditions & selected land use. (cattle grazing). Is it reasonable to take hilly area & pur in vertical walls & flot brase & call it compatible? Maybe a ling like the red one would be more acceptable. They'd have to remove less material or import backfill. If quantity is a problem they could take a linger area - is dacres & get the same amount.

RecPlan: Bench should be oloped to retain moisture? If road is included - get new plan for.

Country approved. Court local objection map on Country approval with application index map. note difference in access.

* leave gives them right to use appropriating road but also indicates they must construct a portion through lots 11 2 12. I have is not executed but is correct legal & term.

a de 1 Exhius M parp in the fixture they may expand operations into loto 4 and . 4.5 , ... 1