




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: Hertzog Pit	MINE/PROSPECTING ID#: M-1981-276	MINERAL: Sand and gravel	COUNTY: Moffat
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): Amy C. Yeldell	INSP. DATE: September 21, 2016	INSP. TIME: 10:45
OPERATOR: R N P Enterprises, Inc.	OPERATOR REPRESENTATIVE: Rusty Taylor	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$36,650.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 30, 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>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</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>N</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(CI) COMPLETE INSP---- <u>N</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>NA</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

OBSERVATIONS

This was a follow-up inspection in response to the May 18, 2016 inspection. This inspection was by Colorado Division of Reclamation, Mining and Safety (Division). The Hertzog Pit is a 112c permitted site that includes a total of 85 acres of which approximately 34 acres are affected. It is located approximately four miles southeast of Maybell, CO and is accessed from Moffat County Road 74. Rusty Taylor represented RnP Enterprises, Inc. and accompanied Russ Means and Amy Yeldell of the Division on the inspection.

The mine identification sign is in place and in compliance with Rule 3.1.12. The sign is posted at access road off of CR 74. The boundary markers are not visible at a distance making it difficult to delineate the permit boundary. The operator is encouraged to explore other non-conventional ways to delineate the permit boundary since typical t-post prove problematic in an area frequently grazed by cattle.

In the letter dated July 6, 2016 Mr. Taylor was given the option to do reclamation work in an effort to decrease the site's liability. The Division gave the operator until October 15, 2016 to complete as much work as possible. Prior to October 15, 2016 Mr. Taylor notified the Division that he had completed as much work as possible and would like the Division to re-inspect the site.

Over the summer Mr. Taylor has regraded a large area in the western portion of the permit area, approximately 5.3 acres. This area has also been topsoiled and is ready to be seeded. Mr. Taylor's goal is to reclaim the entire western portion of the permit area and keep the disturbance to approximately 10 acres. To finish reclaiming the western portion of the permit area the perimeter highwall and a few stockpiles need to be removed. Also the processing plant needs to be moved. The area with remaining reclamation is approximately 4.7 acres. This area will need to be ripped and topsoiled. Then the entire western area, approximately 10 acres, needs to be seeded.

Based on the operators due diligence to bring the site into compliance the Division is allowing the operator additional time to complete reclamation activities before updating the bond. In order to give this extension the operator must submit a signed commitment in writing with the following items:

1. All civil work (grading, ripping, and topsoil) must be completed by June 1, 2017.
2. All revegetation (seeding and mulching) must be completed by October 1, 2017.
3. The operator will notify the Division in writing when each of the above mentioned tasks have been completed so that an inspection may be scheduled to evaluate the work completed.
4. No additional disturbances will be made. Any mining activities will be contained within the existing footprint.
5. If any one of these conditions are not complied with the bond will be recalculated based on current site conditions and if necessary a surety increase will be issued immediately.

The commitment must be received at the Division's Denver office no later than November 1, 2016.

The eastern portion of the permit area remains unchanged. The portion connected to the main pit is approximately 11.4 acres. The area to the southeast is approximately 2.9 acres. If all operations stay within the existing foot print, 14.3 acres will remain disturbed. This is more than the permitted 10 acre max. The operator will need to revise their mining plan in the form of a technical revision to match actual disturbances.

In the southeast corner of the pit older reclamation was evaluated, approximately 7.6 acres. This area has been stabilized with a variety of native grasses, forbs and shrubs. All slopes area graded to a 3:1 or less and naturally blend in with undisturbed topography. No signs of significant erosion or noxious weeds were observed. This area was included in the 34 acres of affected land, approximately 26 acres of affected land remains. The 7.6 acres shown on the attached map has been deemed successfully reclaimed and is releasable. If the operator submits a release request within 60 days of this inspection this will be considered a release inspection for the reference area. The release request form is attached.

For your own knowledge the Division has updated the bond to reflect progress made over the 2016 summer. Attached is a summary of changes made to the reclamation cost estimate. Estimated liability has been reduced by \$36,595 over the 2016 summer to \$83,284. The Division anticipates that work completed in summer of 2017 will continue to reduce the liability of this site. Currently the Division holds a bond in the amount of \$36,650 for this site.

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

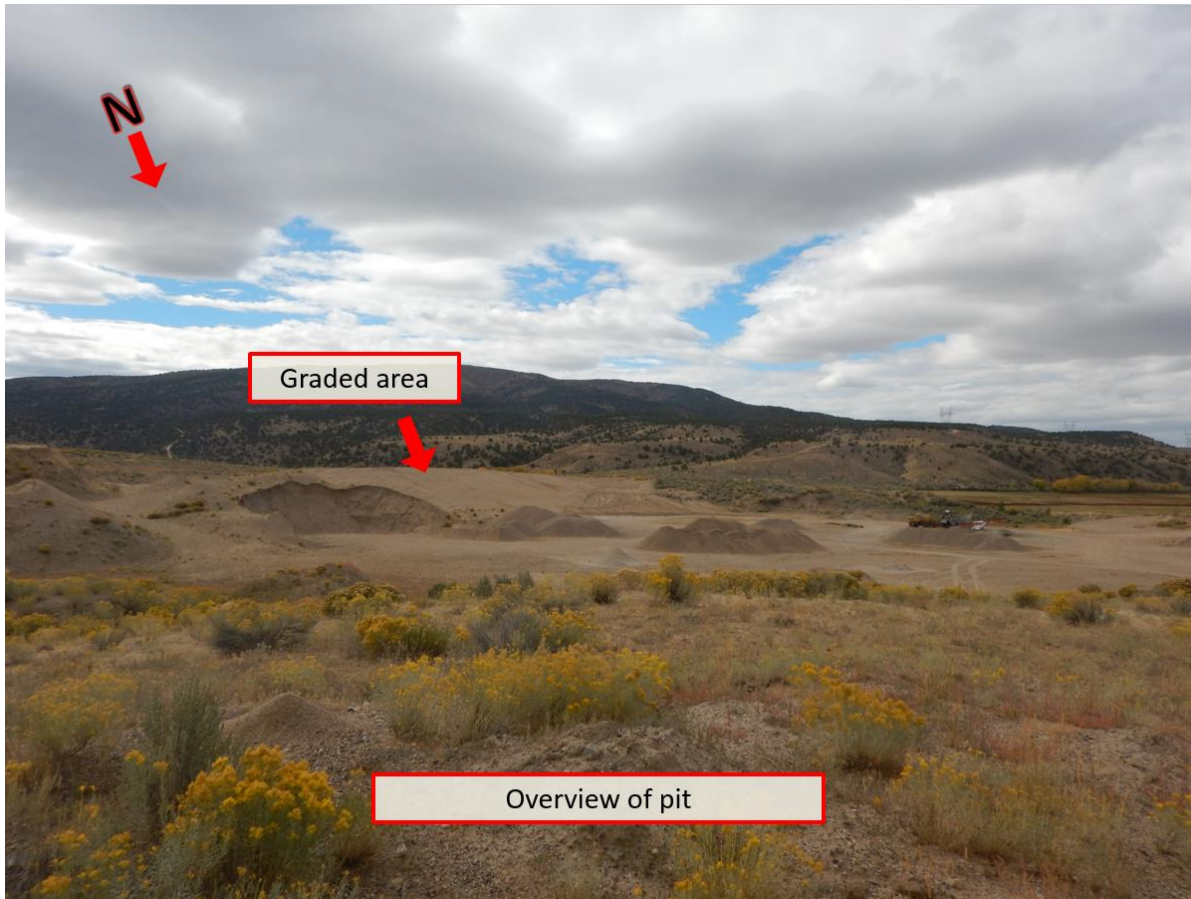




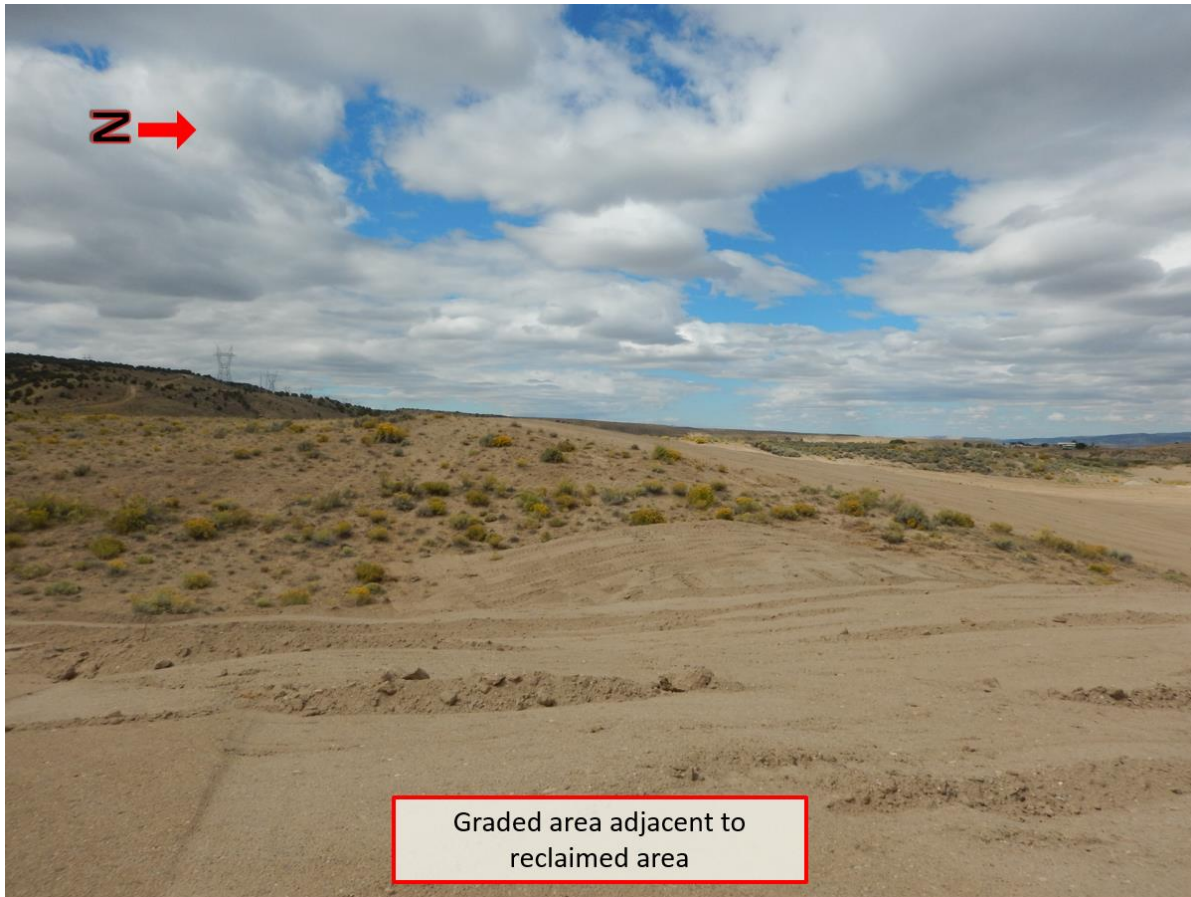
Overview of pit

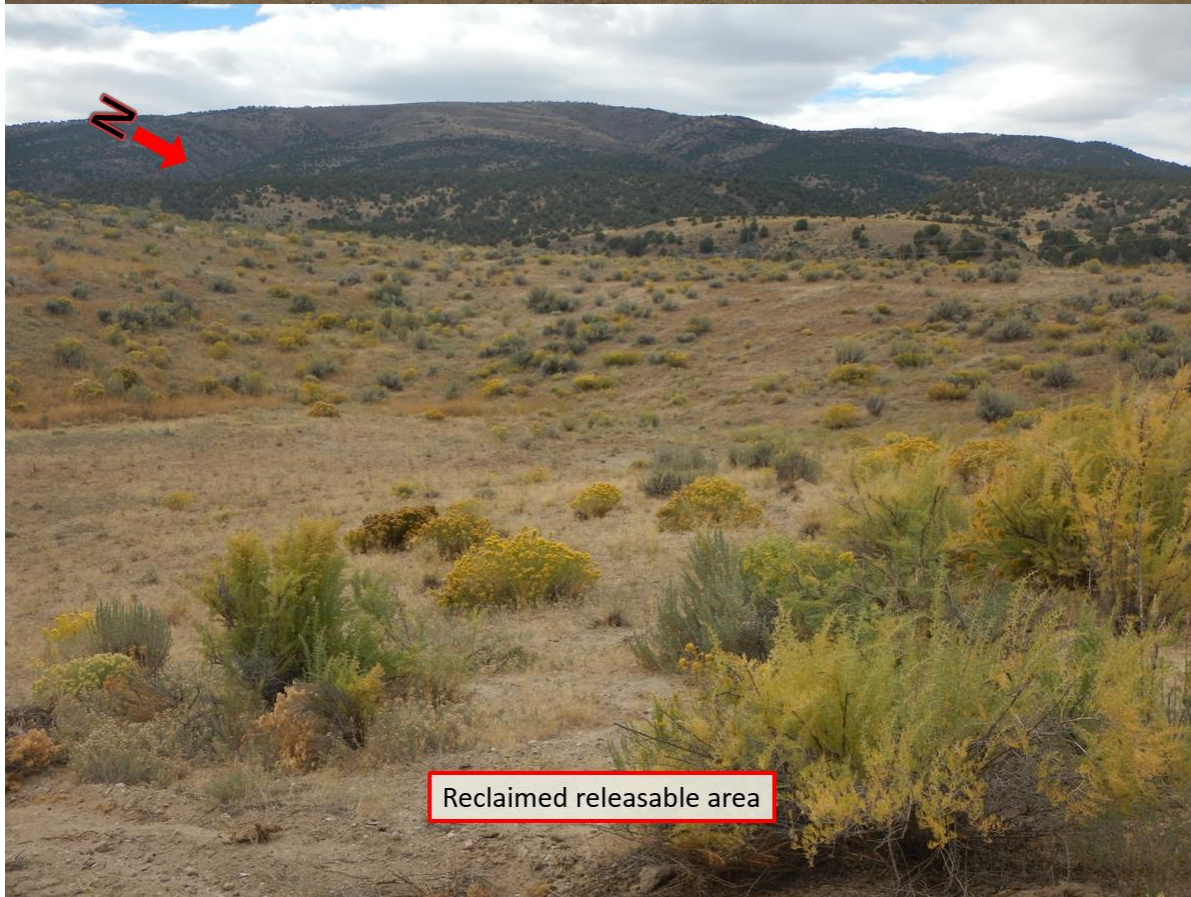


Overview of pit











Inspection Contact Address

Rusty Taylor
R N P Enterprises, Inc.
1135 County Road 30
Craig, CO 81625

Enclosure

CC: Russ Means, EPS Senior, DRMS GJFO

September 30, 2016

Rusty Taylor
RnP Enterprises, Inc.
1135 CR 30
Craig, CO 81265



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

RE: Hertzog Pit, Permit No. M-1981-276, Changes to Reclamation Cost Estimate

Dear Mr. Taylor:

Below is a table summarizing input values that have been updated based on the September 21, 2016 inspections compared to the May 2016 inspection. This table does not account for price changes resulting from inflation or other RS Means cost changes. Bond calculations are based on a combination of field observations and the approved reclamation permit.

Originally staff assumed that all 34 acres of affected lands required reclamation. Upon inspection it was deemed that 7.6 acres had been successfully reclaimed and approximately 26 ac are remaining.

Task	Form Used	Change	Justification
01a	Dozer	-	~4,500 cy were graded in 2016 summer. 36,000 cy - >31,859 cy. Switch from D8SU to a D9SU ~1,300 cy remain to be graded in the west
02a	Ripper	-	~ 1 ac ripped in 2016 summer. 6.5 ac ->5.5 ac Switch from D8SU to a D9SU ~2 ac remain to be ripped in the west
03a	Loader	-	~4,275 cy of topsoil was transported in 2016 summer. 27,472 cy. ->15,327 cy. Switch from D8SU to a D9SU ~3,791 cy of topsoil required in the west
03b	Grader/ Dozer	-	Switched from grader to Dozer, less equipment to mobilize Grading 34 ac -> half of transported material
04a	Reveg	-	Originally estimated 34 ac needs seeding, only 26 ac necessary ~10ac or reveg required in the west
05a	Mob	-	Removed grader Switch from D8SU to a D9SU
06a	Mob	-	Removed secondary mobilization



In May of 2016 the liability was estimated to be \$119,880. Over the 2016 summer approximately \$36,595 of work was completed and \$83,284 of liability remains. Staff has also recalculated the bond based upon completion of the western 10 ac in 2017. The Division must account for a secondary seeding cost for any failed reclamation (est. 35%) in this 10 ac area. With the remaining 16 acres in the east and secondary seeding cost of the west the Division estimates the site's liability will be approximately \$65,500. Additional savings may be accomplished with other completed tasks and commitments which will be discussed at a later date.

Please feel free to contact me with any further questions. 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,



Amy Yeldell

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

