

Southway Construction Co., Inc.

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"AN EQUAL OPPORTUNITY EMPLOYER"

June 16, 2017

Mr. Dustin Czapla
Division of Reclamation, Mining and Safety
Grand Junction Field Office
101 South 3rd Street, Room 301
Grand Junction, CO 81501

Re: Garrett Pit, Mine ID# M-1978-271
Field Inspection, May 15, 2017

Dear Mr. Czapla,

The following corrective actions have been completed with regard to the Inspection Topics for (1) Toxic Materials and (2) Erosion. We have removed the barrel and properly disposed of contaminated soil and also we have repaired the erosion gully and have reconstructed/stabilized the area(s) to prevent further erosion damage in the East and West Side of the pit. I am enclosing pictures of the areas involved to substantiate compliance with the corrective actions recommended by you Minerals Program Inspection Report dated 5/19/2017.

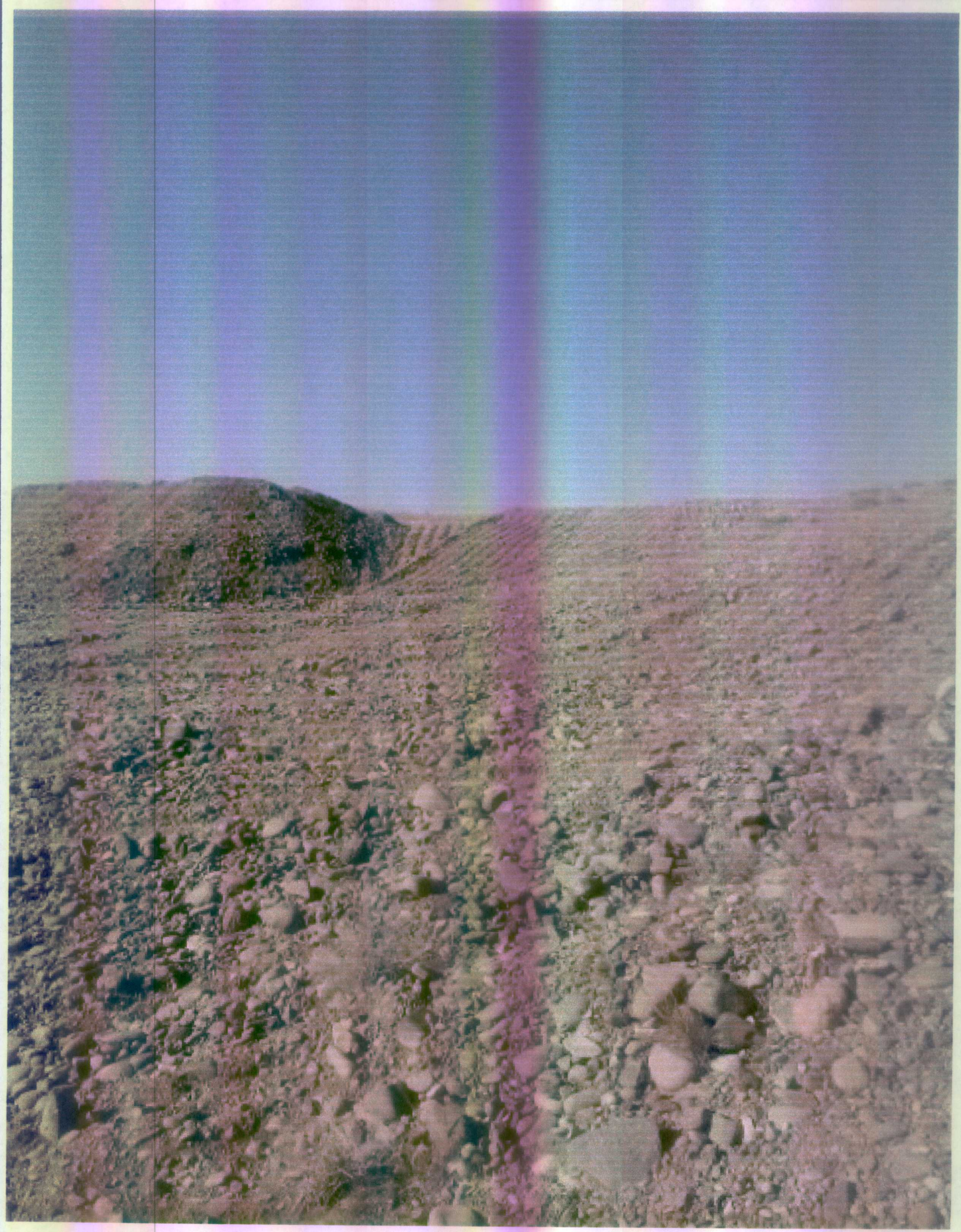
If you have any further questions or concerns please contact me at (719) 589-5103.

Sincerely,



Alonzo Salazar
Office Manager







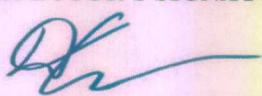
**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

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: Garrett Pit	MINE/PROSPECTING ID#: M-1978-271	MINERAL: Gravel	COUNTY: Conejos
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin M. Czaplá	INSP. DATE: May 15, 2017	INSP. TIME: 13:00
OPERATOR: Asphalt Gravel Products, Inc.	OPERATOR REPRESENTATIVE: Alonzo Salazar	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$181,755.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: May 19, 2017

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.

1. INSPECTION TOPIC: Toxic Materials

PROBLEM/POSSIBLE VIOLATION: Problem: Improper storage and containment of fuels and/or other hazardous materials was present on site. An unmarked drum containing hydrocarbon has leaked into the soil.

CORRECTIVE ACTIONS: Remove barrel and properly dispose of contaminated soil. Submit photo documentation to the Division to show that this has been done by the corrective action due date.

CORRECTIVE ACTION DUE DATE: 6/19/17

2. INSPECTION TOPIC: Erosion

PROBLEM/POSSIBLE VIOLATION: Problem: An erosion gully was observed on the east side of the pit. The gully is head-cutting toward the permit boundary. This is a problem at this time for failure to protect the affected land from erosion.

CORRECTIVE ACTIONS: Provide photo documentation to the Division verifying the erosion gully has been repaired, and that the site has been reconstructed and stabilized to prevent erosion damage by the corrective action due date.

CORRECTIVE ACTION DUE DATE: 6/19/17

OBSERVATIONS

This inspection was conducted as part of the Division of Reclamation, Mining and Safety's (Division) normal monitoring program. Alonzo Salazar, representing the Operator, was present during this inspection. Photographs are included with this report in order to illustrate some of the conditions observed.

The Garrett Pit is located approximately thirteen miles south of Monte Vista and accessed from CR 9. The site is a 112c operation that includes a total of eighty permitted acres. The Division currently holds a financial warranty amount of \$181,755.00 for this site. The Division has reviewed the reclamation costs, in order to ensure the financial warranty reflects the actual current cost of fulfilling the requirements of the Reclamation Plan, and determined that the current financial warranty amount is adequate.

Adequate mine identification signage was noted on the gate at the entrance to the site.

The affected area was marked by fencing and posts that were clearly visible and adequate to delineate the affected area boundary.

Mining was not occurring during this inspection. A truck scale and front-end loader were located on site. No other processing equipment was noted. Materials stockpiles are located on the pit floor. The pit currently covers approximately 54 acres. The west pit wall has been graded to 3H:1V. Most of the south pit wall is approximately 1H:1V. Approximately 600 feet of the western part of the north pit wall is around 1H:1V. The remainder of the north pit wall is near 3H:1V. The pit is approximately 20 feet deep.

An erosion feature has formed on the east pit wall. The gully is headcutting toward the permit boundary and needs to be repaired. This has been noted as a problem on page one of this report.

An unmarked, plastic 55 gallon drum containing hydrocarbon was noted on the pit floor. The barrel was uncapped and appeared to have been tipped over and leaked at some point. The soil around the barrel was contaminated. This has been noted as a problem on page one of this report.

No problems or violations were noted during this inspection.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.