



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: Cortez Pit	MINE/PROSPECTING ID#: M-1976-059	MINERAL: Sandstone (silica, st quartzite)	COUNTY: Montezuma
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: August 23, 2017	INSP. TIME: 07:05
OPERATOR: PEPS Transport of Colorado LLC	OPERATOR REPRESENTATIVE: Marty	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$18,838.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 30, 2017	

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>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>N</u>	(SP) 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>Y</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

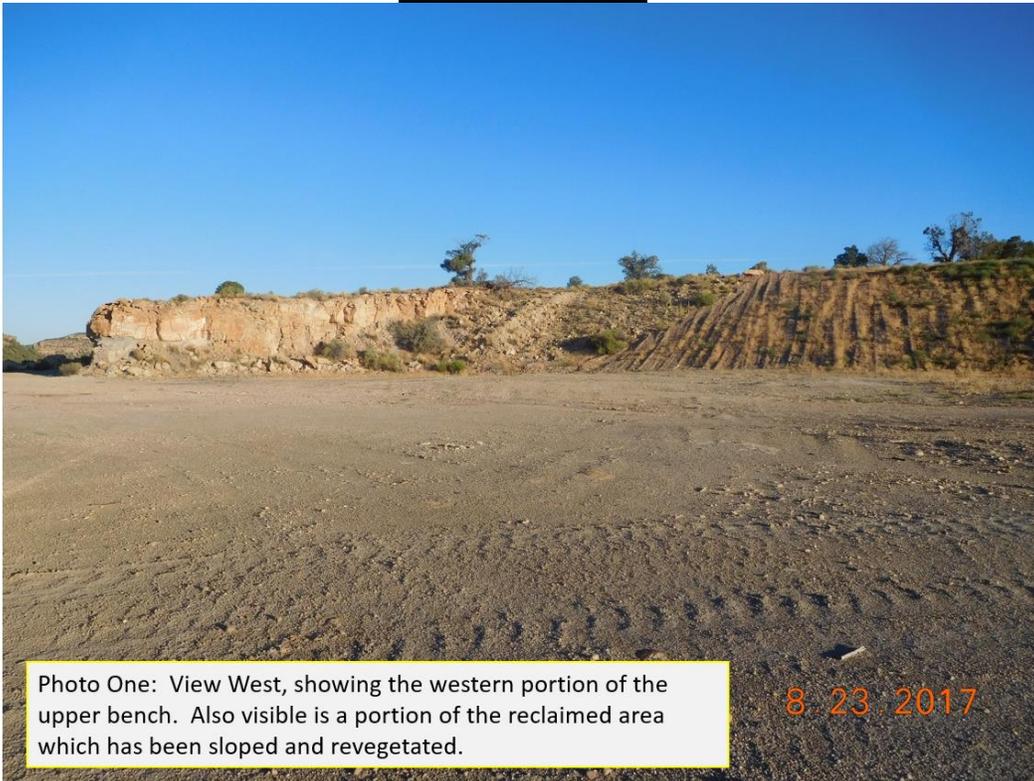
OBSERVATIONS

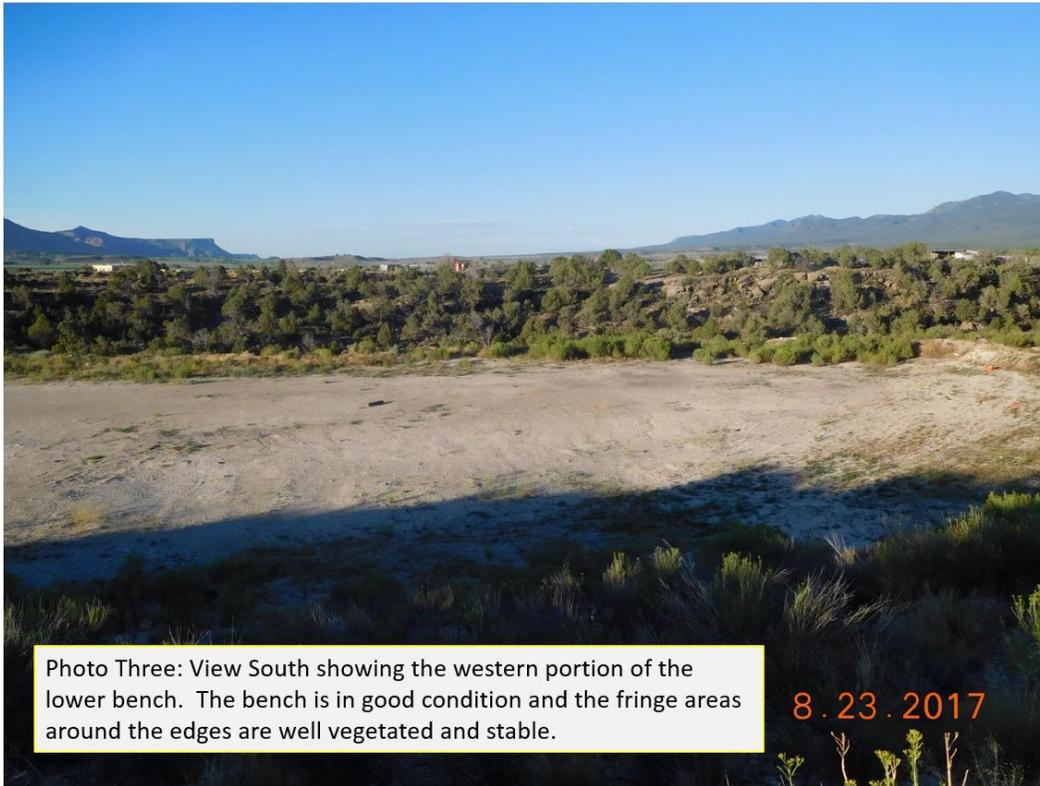
This inspection was conducted as part of the current Succession of Operators (SO-2) that is currently in process, transferring the permit from Skanska USA Civil West RMD, to PEPS Transport of Colorado LLC. The Cortez Pit is a 112C operation located approximately 5 miles Southwest of Cortez, CO. The site is on private land and is within a fenced compound now owned by PEPS Transport of Colorado, LLC. The site consists of 36.4 permitted acres and is in final reclamation. The Division currently holds \$18,838.00 in financial warranty for the site. A Reclamation Cost Estimate Update was performed as part of SO-2. Please see the enclosed Financial Warranty Request for details on the required financial warranty to be posted by PEPS Transport and complete SO-2. Four Photos accompany this report to illustrate the current site conditions.

Proper mine identification signage was posted at the entrance to the site and the permit boundary was clearly marked with T-posts around the perimeter. The site has been approved for intermittent operations and according to the annual reports provided by the Operator the last date of excavation was in 2012. Prior to the sale of the property Skanska had completed the reclamation of the site. The approved reclamation plan calls for two large benches to be graveled and used as a lay down yard with an Industrial/ Commercial post mining land use. Photos One and Two show the upper bench which appears to be stable and in good condition. Also visible in Photos One and Two are the sloped areas along the northern edge of the upper bench. The slopes have been relaxed to approximately a 2H: 1V configuration and have been revegetated. The slopes appear to be stable and are not showing any signs of settling, slumping or erosion. The lower bench can be seen in Photos Three and Four. It also has been graveled and graded to be used as a lay down yard and is in good condition. The area between the two benches has been sloped and revegetated as well. The reclamation has been conducted in accordance with the Act and Rules as well as the approved reclamation plan. The vegetation in the reseeded areas appears to be adequate in both density and diversity and the graveled benches are stable. Site maintenance including monitoring and treatment of noxious weeds, erosion control and general monitoring will be necessary for the continued life of the permit.

The overall footprint of the site is in good condition and is free from trash and debris. The site is free draining and no impounded storm water or signs of erosion were noted during the inspection. Evidence of chemical treatment of noxious weeds was observed, and no new growth was noted. All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety at 1313 Sherman Street, Room 215, Denver CO 80203, by phone at (970)-243-6368 or by email at lucas.west@state.co.us.

PHOTOGRAPHS





Inspection Contact Address

Daniel Pokerajac
PEPS Transport of Colorado LLC
22419 CR G
Cortez, CO 81321

Enclosure: SO-2 Financial Warranty Request

CC: Tim Mahoney, Skanska USA Civil Division West, RMD, Inc.