

April 4, 2018

Bud Bower
Bower Brothers Construction, Inc.
595 Taylor St.
Craig, CO 81625



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, Reclamation Commitments

Dear Mr. Bower:

On November 9, 2017 the Division of Reclamation Mining and Safety (Division) approved your Succession of Operator for the above mentioned pit from RNP Enterprises. The previous operator had made reclamation commitments in lieu of a bond increase (attached). Given the timing of the SO the Division allowed extra time for reclamation activities to be completed before recalculating the bond. In the attached inspection report it was noted that the previous reclamation commitments would be completed by May 1, 2018. In the inspection report the Division also estimated that the bond after reducing the pit to 15 acres of disturbance would be approximately \$66,000.

The Division is writing you to remind you of these reclamation commitments that are due by Tuesday May 1, 2018. An inspection site will be scheduled on or soon after May 1, 2018. In addition a formal reclamation cost estimate will be done based on current site conditions and the approved reclamation plan.

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,

Amy Yeldell
Environmental Protection Specialist
Division of Reclamation, Mining and Safety
Phone: (970) 254-8511

Cc: Russ Means, Senior EPS, Grand Junction DRMS



December 12, 2016

Rusty Taylor
RNP Enterprises, Inc.
1135 CR 30
Craig, CO 81625



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, Commitment Letter Received

Dear Mr. Taylor:

On December 6, 2016 the Division of Reclamation Mining and Safety (Division) received your commitment letter. In your letter you stated that:

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.

In phone conversations was mentioned that you may change your seed mix. Please make sure that you submit a technical revision and the \$216 revision fee at least 30 days before you wish to implement any changes to your reclamation plan. If in completing any of these reclamation tasks you have questions please do not hesitate to contact us.

The Division will inspect your site sometime after October 1, 2017. At that time we will evaluate reclamation progress made to date. The Division may at that time update the reclamation cost estimate which could result in a surety increase.

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,

Amy Yeldell

Environmental Protection Specialist
Division of Reclamation, Mining and Safety
Phone: (970) 254-8511


Cc: Russ Means, Senior EPS, Grand Junction DRMS





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: October 19, 2017	INSP. TIME: 12:00
OPERATOR: R N P Enterprises, Inc.	OPERATOR REPRESENTATIVE: Rusty Taylor	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Priority	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: November 8, 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>Y</u>	(TS) TOPSOIL----- <u>N</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>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <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 by the Colorado Division of Reclamation, Mining and Safety (Division) in response to the Succession of Operator (SO-3) application submitted on October 19, 2017. The current operator is RNP Enterprises, Inc. and the prospective operator is Bower Brothers Construction. Both the current operator Rusty Taylor and the prospective operator Bud Bower were present and accompanied Amy Yeldell of the Division on the inspection. The Hertzog Pit is a 112c permitted site that includes a total of 77.4 permitted acres. This site is located approximately four miles southeast of Maybell, Colorado. It is accessed from Moffat County Road 74.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. The sign is located at the entrance to the permit boundary.

The site remains largely inactive. However ongoing reclamation efforts were observed. Currently the site is only permitted for a maximum disturbance of 15 acres. The south west corner, approximately 10 acres, has been topsoiled and reseeded. The northwest corner, approximately 3 acres, still has additional grading remaining. The prospective operator agreed to complete the previous commitment to reclamation the western portion as soon as he takes over the pit. The Division will allow additional time for these tasks to be completed. The remaining reclamation of the western portion must be completely reclaimed by May 1, 2018.

The eastern half of the pit remains unchanged. This is the area that will remain active and count towards the 15 acres of total maximum disturbance.

A small plant remains in place on the northwest corner of the pit. This will be removed upon approval of SO-3. It was not indicated if a new plant would be mobilized. The office and scale house will remain in place.

Currently the Division holds a financial warranty amount of \$36,650 for this site. Based on previous letters it was stated that the bond would be calculated after the fall 2017 reclamation inspection. The bond was anticipated to be approximately \$66k with the 15 acres of remaining disturbance. Due to the SO not all of the reclamation commitments have been met and approximately \$8k of additional work remains. A formal reclamation cost estimate update will be done in the May of 2018 based on the current conditions. This will allow the new permittee an opportunity to complete the reclamation commitments and reduce liabilities that may affect a potential increase.

No problems or violations were noted during this inspection.

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