




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: Cottonwood Quarry	MINE/PROSPECTING ID#: M-2004-061	MINERAL: Aggregate	COUNTY: Grand
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): Peter S. Hays	INSP. DATE: May 22, 2018	INSP. TIME: 12:00
OPERATOR: Kilgore Companies, LLC dba Peak Materials	OPERATOR REPRESENTATIVE: Jon Mueller	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$84,073.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: May 25, 2018

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: Hydrologic Balance

PROBLEM: A 1" diameter PVC pipe was observed protruding from the lower bench southwest of the scale house during the inspection. The pipe was discharging water at an approximate rate of 2-5 gallons per minute. The source of the water and the purpose of the pipe are not included in the approved Mine Plan for the site.

CORRECTIVE ACTIONS: The Operator must investigate the purpose of the pipe and the source of the water and provide the Division with an explanation for the pipe and water.

CORRECTIVE ACTION DUE DATE: 6/25/18

INSPECTION TOPIC: Signs & Markers

PROBLEM: The mining disturbance, haul road between the scale house bench and the processing bench, appears to be very close to the western boundary of the site and possibly within the required 25 foot offset from the permit boundary based on the t-post installed near the haul road. It is unknown if the t-post indicates the permit boundary or the 25 foot offset buffer location.

CORRECTIVE ACTIONS: The Operator must conduct a survey to verify all mining disturbances are located within the permit boundary and install permit boundary markers as required by Rule 1.1.12, as needed. The survey results must be submitted to the Division.

CORRECTIVE ACTION DUE DATE: 6/25/18

OBSERVATIONS

The Cottonwood Quarry was inspected by Peter Hays with the Division of Reclamation, Mining and Safety (Division/DRMS) as required by the Transfer of Permit and Succession of Operators process and Rule 1.12. Mr. Jon Mueller with Kilgore Companies, LLC dba Peak Materials was present during the inspection. The site was previously inspected by the Division on August 7, 2014. A copy of the inspection map created based on the inspection is attached.

On March 24, 2017, Kilgore Companies, LLC dba Peak Materials submitted a Transfer of Permit and Succession of Operators Application Form (SO-02) and selected the option to maintain the right to a decision within 30 days. Peak Materials provided a replacement financial warranty in the amount of \$84,073.00. The Succession of Operators revision was issued by the Division on February 28, 2018. Kilgore Companies, LLC dba Peak Materials is the permitted operator of the Cottonwood Quarry and assumed all responsibilities concerning this operation from Everist Material, LLC.

Financial Warranty:

The Division is required to recalculate the reclamation bond as part of the permit transfer process. The Division currently holds a reclamation bond in the amount of \$84,073.00. The Division calculated the required financial warranty at \$106,900.00, an increase of \$22,827.00, based on the inspection observations and the financial warranty estimate from the original permit application. A copy of the financial warranty estimate is attached. The Division will allow the Operator 14 days to review the estimate prior to issuing the financial warranty increase (SI) notice. The Operator will be required to provide the increase financial warranty amount within 60 day of the notice date pursuant to Rule 4.2.1(2).

Mining Plan:

The Cottonwood Quarry is located approximately 2.5 miles southeast of Granby, Colorado in Grand County on Road 55, 2 miles west of State Highway 40. The Cottonwood Quarry 112c reclamation permit is approved for 94.41 acres with 81.28 acres of disturbance. The Operator reported a total of 17 disturbed acres in the 2017 Annual Report, which appears accurate based on Google Earth. The approved Mining Plan indicates mining will begin on the southern part of the property on an existing natural bench above County Road 55. Material will be removed from the natural bench until enough room exists to move a processing plant into the mined area. Mining will advance to the north by creating 40 foot by 40 foot benches.

The site was inactive during the inspection. The scale house and stockpile bench is located in the southwest corner of the site. The processing plant bench is located northeast of the scale house bench. Two additional stockpile benches are located west of the processing plant bench. The recent mining activity consisted of mining the top of the hill located above the existing mining benches and mining the lower mining bench from east to west combining the two mining benches into one 40 foot highwall. Mined material is cast from the upper bench to the processing plant bench. No processing equipment was present during the inspection.

The permit application anticipated blasting being required to mine the site. The Operator does not intend to utilize blasting, since the rock is fractured enough to allow mining to occur with an excavator. The Division informed the Operator of the additional rock analysis required to be performed when enough rock face had been exposed to do a proper analysis. The mining disturbance is limited to 20 acres until the analysis is performed and approved by the Division. The analysis was planned to be completed when the first 40 foot highwall was established.

PVC Pipe:

A 1" diameter PVC pipe was observed protruding from the lower bench southwest of the scale house during the inspection. The pipe was discharging water at an approximate rate of 2-5 gallons per minute. The source of the water and the purpose of the pipe are not included in the approved Mine Plan for the site. As cited as a problem, the Division will require the Operator to investigate the purpose of the pipe and the source of the water and provide the Division with an explanation for the pipe and water. The discharged water was infiltrating into the hillside before reaching the permit boundary. A small erosion feature was observed south of the pipe on the hillside.

Sign and Boundary Markers:

An entrance sign was posted as required by Rule 3.1.12. The mining disturbance, haul road between the scale house bench and the processing bench, appears to be very close to the western boundary of the site and possibly within the required 25 foot offset from the permit boundary based on the t-post installed near the haul road. It is unknown if the t-post indicates the permit boundary or the 25 foot offset buffer location. As cited as a problem, the Division will require the Operator to survey the site to verify all mining disturbances are located within the permit boundary and install permit boundary markers as required by Rule 1.1.12, as needed. The survey results must be submitted to the Division.

Noxious Weeds:

Noxious weeds including common mullein, downy brome (cheat grass) and Canada thistle were observed during the inspection. The Operator must continue to implement the approved noxious weed management plan for the site to control the noxious weeds.

Other:

A stormwater retention pond was located in the southeast corner of the site as required by the Mining Plan. Concrete and asphalt stockpiles and debris were observed north of the mining bench. The Operator stated the debris would be removed and the stockpiles would be transported off-site.

Inspection Contact Address

Mr. Jon Mueller
Kilgore Companies, LLC dba Peak Materials
556 Struthers Ave
Grand Junction, CO 81501

Enclosure: SO-02 Bond Estimate, Inspection Map

Ec: Wally Erickson, DRMS

PHOTOGRAPHS



Cottonwood Quarry mine sign



View of the stormwater detention basin located in the southwest corner of the site



View of the 1" PVC exiting the scale house bench looking south



View of the 1" PVC exiting the scale house bench looking north



View of the upper stockpile benches from the mining bench looking west



View of the stockpile and scale house benches from the mining bench looking southwest



View of concrete stockpile and debris located north of the mining bench



View of the processing plant bench looking east

GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>PB</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>Y</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>PB</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</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