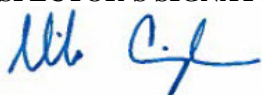




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Lariat Pit	MINE/PROSPECTING ID#: M-1977-251	MINERAL: Clay (general)	COUNTY: Jefferson
INSPECTION TYPE: Monitoring	INSPECTOR(S): Michael A. Cunningham	INSP. DATE: March 22, 2018	INSP. TIME: 12:30
OPERATOR: General Shale Brick, Inc.	OPERATOR REPRESENTATIVE: Jason McGraw	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$156,670.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: May 31, 2018	

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>N</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>N</u>	(EX) EXPLOSIVES----- <u>NA</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>Y</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>NA</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

The inspection was conducted by Michael Cunningham of the Division of Reclamation, Mining and Safety (Division). Jason McGraw was present on behalf of General Shale Brick, Inc. The Lariat Pit is located west of Colorado State Highway 121 in Jefferson County. The site is permitted for 287.62 acres and the post-mining land use is rangeland.

Financial Warranty:

The Division currently holds a financial warranty in the amount of \$156,670.00. The financial warranty was last increased following the approval of Technical Revision No. 4 on January 5, 2015. Site conditions at the Lariat Pit are largely unchanged since 2015 and the Division has determined the financial warranty is adequate to complete reclamation of the site.

Hydrologic Balance:

The Operator received approval under Technical Revision No. 2 to capture stormwater in a small pit created by the mining operation. The Operator is allowed to detain stormwater in the pond and is not required to release the stormwater to the natural drainage system within 72 hours. A second stormwater detention pond is located at the south end of the lower affected area. The Division observed water in both of the stormwater ponds during the inspection.

Gen. Compliance With Mine Plan:

The Operator has received approval to operate intermittently, the site was not active at the time of the inspection. According to the Operator, mining at the Lariat Pit last occurred in 2007. There are several stockpiles on site which the Operator routinely pulls material from. A review of Google Earth aerial photographs of the site shows the size of the stockpiles changes annually. The Operator is mining clay, claystone, shale and sand from the South Platte and Graneros Shale formations. The clay beds dip to the east at approximately 58 degrees. The affected area is currently divided into two separate areas; the upper affected area consists of 16 acres and is located at the base of the formations being mined and a lower affected area of 6.5 acres is located 600 ft. to the east of the upper area. Both affected areas have been leveled and contain product stockpiles. The Operator has salvaged and stockpiled topsoil; the topsoil stockpile was stable and no signs of erosion were noted.

Reclamation Success:

The Operator has not commenced with reclamation at this operation.

Signs and Markers:

The permit sign was posted at the site entrance and the boundary of the affected area was clearly delineated as required by Rule 3.1.12.

This concluded the inspection.

Inspection Contact Address

Jason McGraw
General Shale Brick, Inc.
1845 W. Dartmouth Ave.
Denver, CO 80110

PHOTOGRAPHS



1. Upper stormwater detention pond.



2. Grog stockpile.



3. Topsoil stockpile.



4. Product stockpile.



5. Overview of lower affected area.



6. Lower stormwater detention pond.