




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: Silt Pit	MINE/PROSPECTING ID#: M-1981-202-SG	MINERAL: Sand and gravel	COUNTY: Garfield
INSPECTION TYPE: Surety Release Inspection	INSPECTOR(S): Amy C. Yeldell	INSP. DATE: September 11, 2018	INSP. TIME: 08:00
OPERATOR: Flag Resources Inc.	OPERATOR REPRESENTATIVE: Eric Frei	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$468,320.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 20, 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>Y</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</u>	(RV) REVEGETATION---- <u>Y</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>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

OBSERVATIONS

This inspection was conducted in response to request for surety reduction (SR-1) that was approved on September 14, 2018. The inspection was conducted by Amy Yeldell of the Colorado Division of Reclamation, Mining and Safety (Division). The Silt Pit is a 112c permitted site that includes a total of 170.70 permitted acres. Eric and Fred Frei represented Flag Resources Inc. and were present for the inspection.

The bond was last updated with the approval of TR-6 which required a total bond amount of \$468,320. As the result of this inspection and the approval of SR-1 the bond was reduced by \$204,110 for total bond amount of \$264,210 to be required.

Most notably the excessive vertical highwall that resulted in a significant bond increase has been reclaimed. The northeast highwall has been backfilled. The entire slope has been backfilled and graded to a 3:1. The northwest corner of the east pond still has an active highwall. That slope is approximately 200 LF at a 2:1 slope and 20 feet high. Additionally the south highwall adjacent to office area is at a 2:1, 20 feet high and needs to be sloped using cut fill. All slopes surrounding the east lake will need to be topsoiled and seeded. Topsoil is stored in berms along the rim of the highwalls. Only the south and west highwall will require topsoil to be transported, all other slopes it can be slot dozed down.

The west lake is completely graded and mostly revegetated. And area adjacent to the swim beach needs to be seeded. Vegetation has been established around the western lake with a road that goes all the way around. In some areas native vegetation is being displaced by annuals and noxious weeds. Overall slopes area stable. Knapweed was observed in several areas throughout the site and should be treated immediately. Diligent weed management is not only essential for successful reclamation but it is required by Rule 3.1.10(6).

The pit was active during the inspection. A several pieces of equipment and a crusher are on the pit floor. The cement plant remains in place west of the office building. All buildings and cement fuel containments remain in place. The majority of stored scrap metal has been removed form site. A large pile of scrap wood pallets are stored on the pit floor.

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

Inspection Contact Address

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Enclosure

CC:
Wally Erickson, Senior EPS, Grand Junction DRMS

PHOTOGRAPHS



Southern highwall adjacent to office



Remaining highwall in the NW corner of the east pit



Noxious and state listed weeds that are displacing successful reclamation on the west pond



Reclaimed shores of the west pond