




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: Gray Pit #1	MINE/PROSPECTING ID#: M-2003-092	MINERAL: Sand and gravel	COUNTY: Montrose
INSPECTION TYPE: Monitoring	INSPECTOR(S): Lucas J. West	INSP. DATE: February 26, 2019	INSP. TIME: 11:59
OPERATOR: Nick H. Gray	OPERATOR REPRESENTATIVE: Chauncy Luttrell, Skip Huston	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$61,240.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 18, 2019	

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>N</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</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>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>N</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>Y</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 as part of the normal monitoring program established by the Colorado Division of Reclamation, Mining and Safety. The Gray Pit # 1 is an active 112c operation located in Montrose County. The site consists of 23.75 permitted acres with an estimated 10 acres of current disturbance. The site is accessed by Highway 347 just north of Highway 50, 5 miles west of Montrose, CO at nearly 6900 feet in elevation. Public access to the site is controlled by a locked gate where the access road meets Highway 347. The Division currently holds a financial warranty for the site in the amount of \$61,240.00. A reclamation cost estimate update was performed and staff calculations found that the currently held financial warranty is not sufficient to complete reclamation of the site in accordance with the approved plan. Please see the enclosed Notice of Surety Increase as well as the Reclamation Cost Estimate Worksheets for more information. Five Photos accompany this report to illustrate the current site conditions.

The proper mine identification was observed, however it is posted at the old entrance to the site. The sign can be seen in Photo One. The site was not active during the inspection and no mining related equipment was observed on site. The main pit floor can be seen in Photos Two and Three. The pit area is currently being used as stockpile area for material generated from this pit as well as the Gray Pit #2, which is a permitted site nearby. The pit floor as well as the stockpiles appear to be in good condition, stable and show no signs of settling, slumping or erosion.

The main mining activity is centered on two areas. The first highwall is located in the main pit area, and is approximately 60 feet tall by 100 feet long. This highwall can be seen in Photo Four. The next area is surrounding the pond located at the east end of the pit. These highwalls are estimated at nearly 80 feet tall and nearly 200 Linear Feet. During the inspection, the highwalls were actively sloughing small amounts of material. The sloughing doesn't appear to pose any danger, however was noted. The area surrounding the pond can be seen in Photo Five.

On site discussions with the Operator's representatives centered on the possibility of modifying the permit to allow the pond at the east end of the site to remain post reclamation as well as allow for the importation of offsite fill. These changes must be addressed through the Technical Revision process. Modifications would need to be made to the reclamation plan to outline the final configuration of the pond as well as all necessary volumes for backfill, grading and revegetation details of pond. Also, to allow for the importation of inert offsite fill the operator must complete the enclosed affidavit and include that with the Technical Revision request form which is also enclosed. All items included in the TR request should be mailed, along with the \$216.00 fee to the Division's Denver Office.

The overall footprint of the site is in good condition and free from excessive trash and debris. No significant signs of erosion, settling or slumping was observed, and no noxious weeds were noted during the inspection. No problems or possible violations were observed. 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



Photo One: View north, showing the proper mine ID signage posted at the entrance to the site.

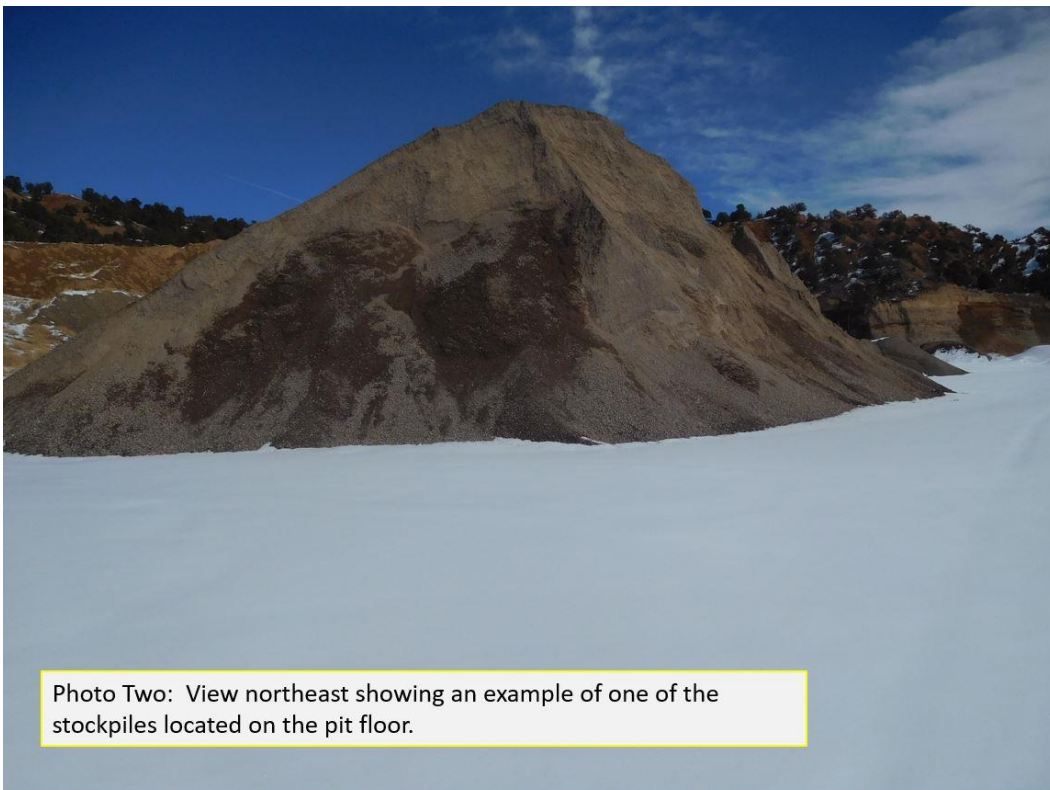
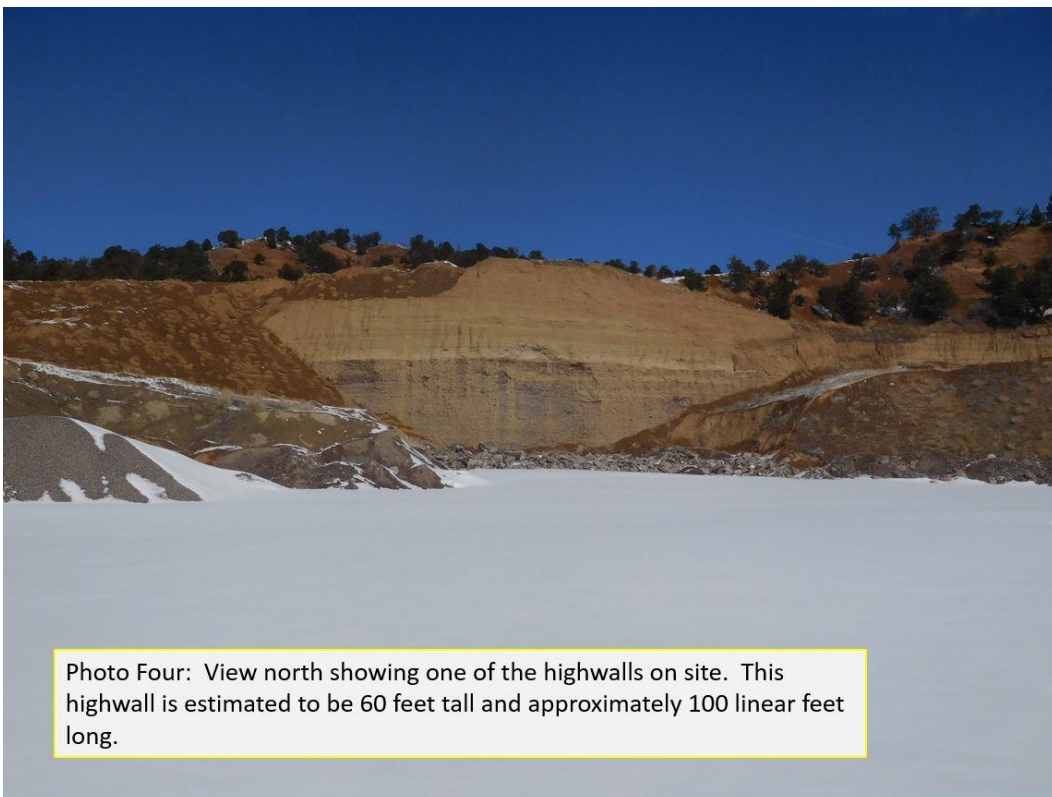


Photo Two: View northeast showing an example of one of the stockpiles located on the pit floor.





Inspection Contact Address

Skip Huston
Nick H. Gray
584 65.30 Rd.
Montrose, CO 81401

Enclosure: Request for Technical Revision Cover Letter
Importation of Offsite Fill Affidavit
Notice of Surety Increase, SI-02

EC: Skip Huston, Skip@skiphuston.com