




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: Rocky Ford East Pit	MINE/PROSPECTING ID#: M-1977-560	MINERAL: Sand and gravel	COUNTY: Otero
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): Amy Eschberger, DJ Cunningham	INSP. DATE: January 14, 2020	INSP. TIME: 12:45
OPERATOR: VALCO, Inc.	OPERATOR REPRESENTATIVE: Tom Brubaker	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: None	BOND AMOUNT: \$193,678.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: January 21, 2020	

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

This inspection of the Rocky Ford East Pit (Permit No. M-1977-560) was conducted by Amy Eschberger and DJ Cunningham of the Division of Reclamation, Mining and Safety (Division) to assess reclamation work completed at the site. The operator was represented by Tom Brubaker during the inspection. The site is located approximately 2 miles east of Rocky Ford, Colorado in Otero County, directly north of Hwy 50. **Photos 1-16** taken during the inspection are included with this report.

This is a 112c operation permitted for 107.33 acres to mine sand and gravel via wet mining methods. The permit area was previously divided into two parcels by Co Rd 22. However, the Division approved the release of the western 39.97-acre parcel on April 30, 2019 with Acreage Reduction No. 2 (AR-2), leaving only the eastern 107.33-acre parcel in the permit area. A different operator, Deep Cut, LLC has permitted over the western parcel under Permit No. M-2017-032 (22 West Pit). Mining has ceased at the Rocky Ford East Pit, and the site is in final reclamation.

During its last inspection of this site conducted on April 25, 2019, the Division noted the two ponds (referred to in this report as Ponds C and D) had a combined surface area of 15.3 acres. This exposed groundwater at the site is considered by the Division of Water Resources (DWR) to be post-1981 exposure, which requires replacement of evaporative depletions. The Division sent a letter to all operators on April 30, 2010 identifying four approaches for operators to achieve compliance with regard to mining-related exposure of groundwater, including (in summary): 1) Submit a financial warranty to backfill the exposed groundwater, 2) Obtain a water court approved augmentation plan for the exposed groundwater, 3) Submit a financial warranty to install a clay liner or slurry wall, or 4) Obtain approval from the DWR that acknowledges compliance with the SEO's requirements. As of the Division's 2019 inspection, the operator had not yet implemented one of these four approaches for the site, but did indicate plans to backfill the ponds (which was not part of the approved reclamation plan at that time). Therefore, in its inspection report sent on April 30, 2019, the Division cited a problem for this matter, requiring the operator to either submit a Technical Revision to update the reclamation plan and map to address backfilling the ponds, or provide evidence that a permanent augmentation plan had been obtained to cover all exposed groundwater at the site.

The operator submitted Technical Revision No. 3 (TR-3) on May 29, 2019 to update the reclamation plan and reclamation plan map to reflect backfilling of the existing lakes. TR-3 included information from an engineered cut/fill assessment conducted of the site in 2011 (by Deer and Ault Consultants, Inc.) confirming that enough fill material exists on site to backfill the two ponds a minimum of two feet above the static groundwater level. TR-3 described remaining reclamation of the site to include backfilling the 15.3 acres of exposed groundwater, ripping 50 acres of compacted areas, replacing topsoil on 74 acres of disturbed land (including the backfilled ponds), and revegetating the 74 acres of disturbed land. The Division approved TR-3 on September 26, 2019, with an estimated financial warranty of \$795,478.00 for completing the remaining reclamation at the site. The Division issued the associated Surety Increase (SR-4) on October 4, 2019 in the amount of \$601,800.00. This increased amount was initially due by December 3, 2019.

On November 16, 2019, the operator provided the Division with a copy of a contract obtained with Habitat Construction, LLC to complete the remaining earthwork at the site (including backfilling the two ponds) by the end of February 2020, and requesting an extension to March 1, 2020 to allow time for this work to be completed (which would significantly reduce the reclamation liability at the site). The Division approved a conditional extension to January 17, 2020, at which time, the Division would conduct an inspection of the site to assess reclamation work completed and to verify the work is being completed in accordance with the proposed timeline. After conducting this inspection, the Division would determine whether an additional extension could

be approved.

The site was not active during the inspection. However, two (D8) dozers and a grader were stored on site near the ponds. The operator informed the Division the backfill project had begun in December as planned; however, the equipment was currently down due to trespassers having entered the site over the weekend and potentially tampered with the equipment. The contractor had already notified Caterpillar of the issue and was waiting for confirmation the equipment is in adequate condition for continued use. Pond D (the larger pond) was being dewatered from its northwestern corner during the inspection (via a floating submersible pump), and the water was being routed westward to the adjacent Pond C via an above-ground pipeline, in accordance with TR-3. The Division observed that a significant portion of Pond D had been backfilled, primarily along its southern edge, where the pond was filled in to the edge of the island that existed near the center of the pond. Portions of the western and eastern edges of the pond had also been backfilled. Based on observations made during the inspection, and a comparison of photos taken during this inspection with those taken during the last inspection, the Division estimates approximately 4 acres of Pond D have been backfilled (see enclosed Google Earth image of site showing approximate portion of Pond D backfilled). Portions of these backfilled areas have not quite reached the approved final grade (a minimum of two feet above the static water level).

The Division briefly spoke with the contractor, Habitat Construction, LLC during the inspection, which indicated the project was now on schedule to be completed by mid-late March. Given the progress that has been made at the site, the Division is not opposed to giving the operator additional time to complete the backfill project. On January 15, 2020, the operator formally requested an extension to March 30, 2020, which the Division has approved. Prior to the new deadline, the Division will conduct another inspection of the site to assess the reclamation work completed. Based on its findings, the Division will reassess the required financial warranty for the site and notify the operator of any changes to that amount.

It should be noted, the contractor is removing Tamarisk trees present in and around the pond as the pond is backfilled and graded, per the weed control and management plan approved for the site through Technical Revision No. 4 (TR-4) on July 17, 2019. The removed Tamarisk trees are currently being stockpiled in an area west of Pond D. According to TR-4, the removed Tamarisk trees will be chipped or burned to prevent regrowth.

This concludes the report.

Any questions or comments regarding this inspection report should be forwarded to Amy Eschberger at the Colorado Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, via telephone at 303-866-3567, ext. 8129, or via email at amy.eschberger@state.co.us.

PHOTOGRAPHS



Photo 1. View looking northwest across area just west of Pond D where two (D8) dozers and a grader were stored during the inspection.



Photo 2. View looking southeast across backfilled southwestern edge of Pond D.



Photo 3. View looking east across Pond D from its backfilled western edge.

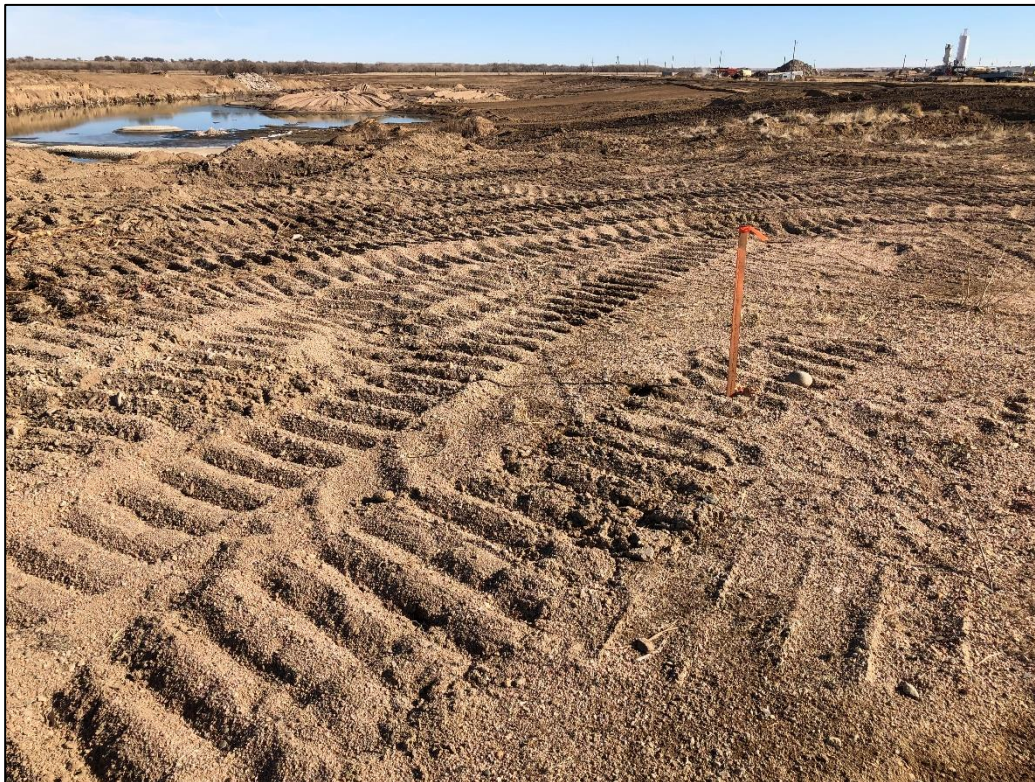


Photo 4. View looking east across backfilled southwestern edge of Pond D.



Photo 5. View looking northwest across backfilled southwestern edge of Pond D.



Photo 6. View looking southeast across Pond D, showing dewatering pump and above-ground pipeline located at its northwestern corner.



Photo 7. View looking southwest across Pond C from its northeastern corner, showing above-ground pipeline discharging water pumped from Pond D.



Photo 8. View looking south across western portion of Pond D from its northern edge, showing backfilled southern edge of pond (in background).



Photo 9. View looking south across central portion of Pond D from its northern edge, showing backfilled southern edge of pond to existing island (in background).



Photo 10. View looking south across central portion of Pond D from its northern edge, showing backfilled southern edge of pond to existing island (in background).



Photo 11. View looking south across backfilled eastern portion of Pond D.



Photo 12. View looking west across backfilled northeastern edge of Pond D.



Photo 13. View looking west across backfilled southeastern edge of Pond D.



Photo 14. View looking north across backfilled eastern portion of Pond D.



Photo 15. View looking southeast across Pond C which will be dewatered and backfilled after Pond D has been backfilled.



Photo 16. View looking southwest at pile of Tamarisk trees removed from Pond D area during backfill project.

Inspection Contact Address

Tom Brubaker
VALCO, Inc.
9121 Sunshine Meadow Pl.
Parker, CO 80134

Encl: Google Earth image of site showing approximate portion of Pond D backfilled

CC: DJ Cunningham, DRMS
Michael Cunningham, DRMS

M-1977-560 / Rocky Ford East Pit / Valco, Inc.

Red Outline = 107.33 acres = Approved Permit Area

Yellow Outline = 4 acres = Approximate Portion of Pond D Backfilled as of 1/14/2020 Inspection
(Image data from 3/19/2016)

