




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: Nahcolite Project	MINE/PROSPECTING ID#: M-1983-194	MINERAL: Carbonates	COUNTY: Rio Blanco
INSPECTION TYPE: Monitoring	INSPECTOR(S): Amy Yeldell	INSP. DATE: October 22, 2020	INSP. TIME: 10:30
OPERATOR: Natural Soda LLC	OPERATOR REPRESENTATIVE: Kirk Daehling	TYPE OF OPERATION: 112d-3 - Designated Mining Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: None	BOND AMOUNT: \$3,671,965.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: DRMS	JOINT INSP. AGENCY: U.S.BLM	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 9, 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>Y</u>	(FN) FINANCIAL WARRANTY----- <u>N</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>NA</u>	(SF) PROCESSING FACILITIES----- <u>N</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>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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 as part of the Colorado Division of Reclamation, Mining, and Safety (Division) normal monitoring program. The Nacholite Project is a 112d-3 permitted site that includes a total of 12,248 permitted acres with a maximum disturbance of 260 acres. At this time, approximately 105 acres have been affected. The site is located approximately 25 miles southwest of Meeker, Colorado in Rio Blanco County. Kirk Daehling, Gerry Deschanie, and Jerry Daub, represented the Operator (NSI) and accompanied Amy Yeldell of the Division on the inspection. Paul Daggett of the White River Field Office BLM was also present.

The 16H-1V well pad was inspected. This pad has been constructed since the last inspection and is nearly complete. All slopes are 3H: 1V or less and have been roughened. To date topsoil replacement and seeding has not yet occurred but is anticipated later this fall. The 16H-1V well is completed and online. The pit and liner still remain in place. The pad was built larger than currently necessary in anticipation of adding additional wells in the years to come.

The Division also inspected the 16H-IR-E pad. The 16H-IR-E well is now online. NSI anticipates drilling 17H-IR-E in 2022.

An increase in noxious weeds was observed during this inspection. The Operator disclosed to the Division that they had troubles securing a weed spraying contractor and had used three different vendors. Specific species of concern observed throughout the permit were Russian Thistle, Cheatgrass, and Halogeton. This was also an extremely hot and dry summer which only exacerbated the noxious weed problem. An increase in monitoring and spraying frequency may be needed in the coming year(s) to get the site back on track.

The majority of the inspection was spent reviewing pads in final reclamation. NSI does not wish to release/remove these pads from the permit at this time. They would like for the Division to document and acknowledge which pads have successfully completed the reclamation requirements and would be eligible for released.

The field between the 16H-1V pad and 8 pad known as the 1A-5HR pad has been completely reclaimed. Plugged wells in this area include 1A-4HI, 3A-5V, 1A-5HR. Above ground well markers remain in place. Grasses are well established with approximately 30% shrub-sage cover.

The 17H-SSMW pad has been interim reclaimed. Only a small area around the well is graveled. The remainder of the pad has been sloped, topsoiled and revegetated. Excess topsoil was placed at the toe of the slope to be pulled back for final reclamation once the well is abandoned. The pad is primarily perennial grasses with some annual flowers. The northern graveled portion of the pad had large amounts of Russian Thistle. This area is small enough that mechanical treatments may be more effective than chemical.

The 4-3H(V) pad wraps around the 15H-SSMW pad. On May 13, 2019 a spill occurred in this area which resulted in a portion of this pad to be re-reclaimed. Evidence of the spill is still visible as recently reclaimed areas have poor success. Reclamation of this pad is very 'hit or miss'. Areas are either well established, diverse and lush or nearly nonexistent with a large amount of noxious weeds. This area has a large amount of Halogeton. This pad has not been successfully reclaimed.

The 2M-TDR well is located within the same fenced in area as 3M-TDR well. The back portion where the plugged 2M-TDR well is located has been completely reclaimed. Vegetation is comprised of both grasses and shrubs of varying species. The front portion of the pad adjacent to 3M-TDR has been reclaimed but vehicle

traffic from accessing the well is evident. Additional reclamation measures will be necessary upon abandonment of the well.

91-2H pad, includes wells 4A-1V, 4A-4V, 93-4H and 91-2H all of which have been abandoned. Overall this pad has good grass cover with established rabbit brush. On the northwest side of the pad is some cheatgrass clusters that will need additional spraying. Desirable vegetation in the cheatgrass areas is sparse and should be monitored, spot seeding may be necessary. The entire pad is enclosed by a fence. Just outside of the fence on the northwest corner is a topsoil pile that will need to be removed and reclaimed.

The 4A-5M pad has been reclaimed. The 4A-V6 well is abandoned and 4A-5M well is active. The entire pad is fenced in with an access gate on the northeast side. Grasses are well established with some shrub species. Given the active well on site there are tire two tracks to the monitoring well. Additional reclamation measures will be required upon abandonment of that well. A disconnected electrical panel was observed on site but has since been removed. No reclamation of the access road has taken place.

The 4-2V pad includes abandoned wells 4-2V, 93-3v and 91-1V. This pad is fenced with an access road running along the southwest side to access H Pad. This pad is extremely well reclaimed and appears like a natural opening. Large well established shrubs with a mixture of perennial grasses. There are some cheatgrass clusters near the 4-2V well. Native vegetation may be resilient however weeds should still be managed to avoid determination of reclamation.

Pad 5H-1V is completely reclaimed. The pad is nearly all grasses with very little shrub volunteer at this time. The exclusion fence is helping to protect the vegetation. In the southern portions of the pad are sparse areas that appear to be the result of weed treatment.

Photos of the remote pads E, H, N, P and R were provided after the inspection via email. The report and photos are attached. Based on the photos provided the pads appear to be adequately reclaimed. Given that only one picture per pad was provided it's difficult to determine if vegetation is uniform throughout the pad or if the photo is representative. Prior to a formal release of these pads the Division will need to personally inspect each pad.

No problems or violations were noted during this inspection.

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 303-866-3567 Ext 8183 or via email at amy.yeldell@state.co.us

Inspection Contact Address

Kirk Daehling
Natural Soda LLC
3200 CR 31
Rifle, CO 81650

CC:
Paul Daggett
BLM-White River Field Office
220 E Market Street
Meeker, CO 81641

Jerry Daub
Daub and Associates, Inc.
1985 ½ South Broadway
Grand Junction, CO 81507

EC:
Travis Marshall, Senior EPS, Grand Junction DRMS

Enclosures:
11 Pictures
Email from Gerry Deschanie on 10/22/2020

PHOTOGRAPHS





Photo 2: 16H-IR-E pad. Electrical for future wells already ran.



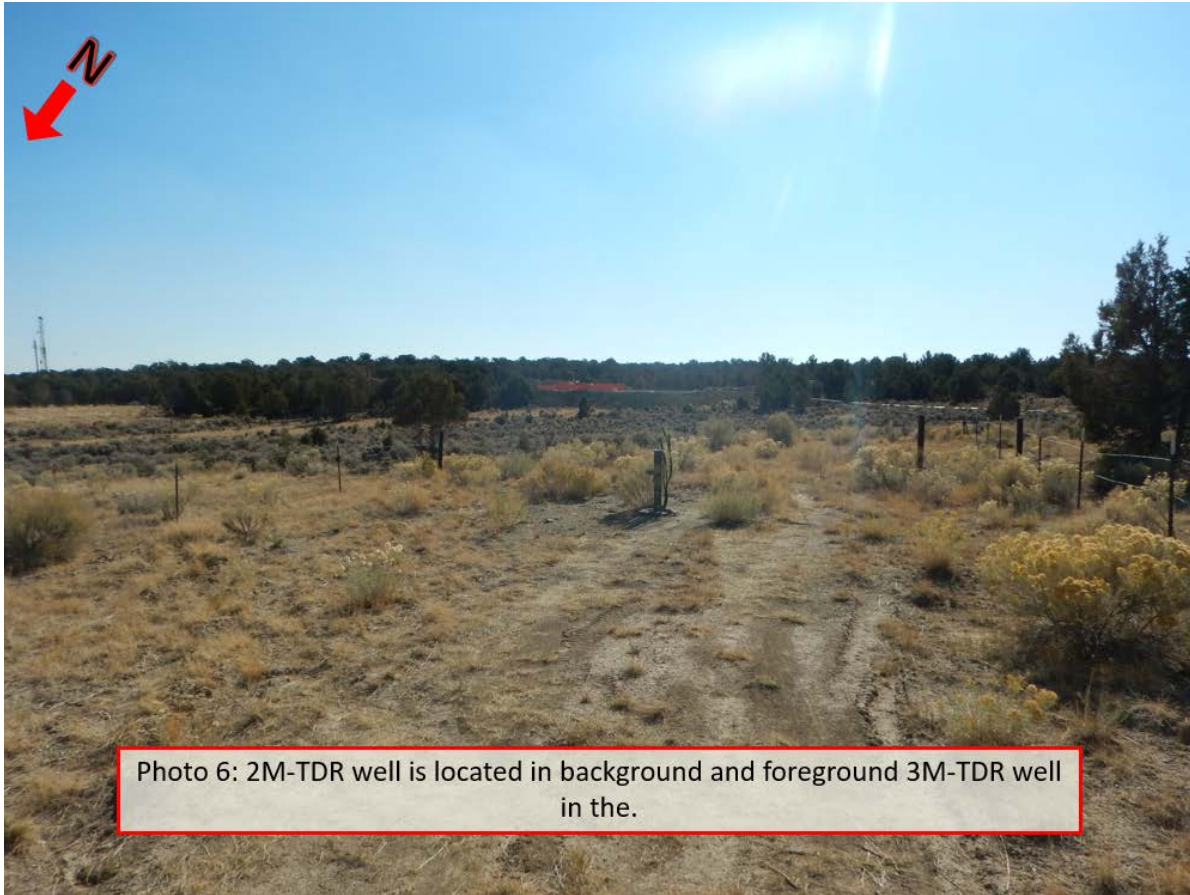
Photo 3: 1A-5HR pad



Photo 4: 17H-SSMW, southern portion adequately reclaimed, gravel areas around well has weeds



Photo 5: 4-3H(V) pad wraps around the 15H-SSMW pad. Vegetation has been harmed by 2019 spill, large amounts of weeds



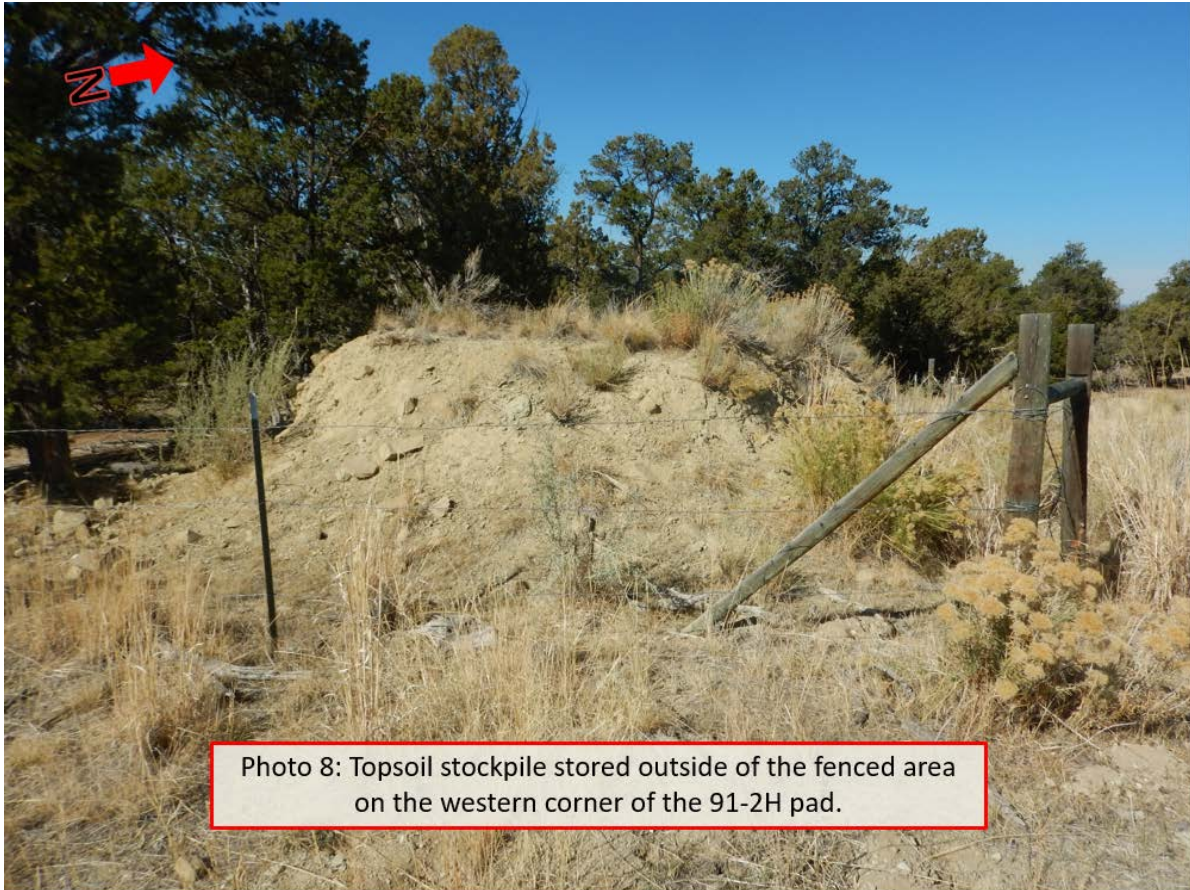


Photo 8: Topsoil stockpile stored outside of the fenced area on the western corner of the 91-2H pad.

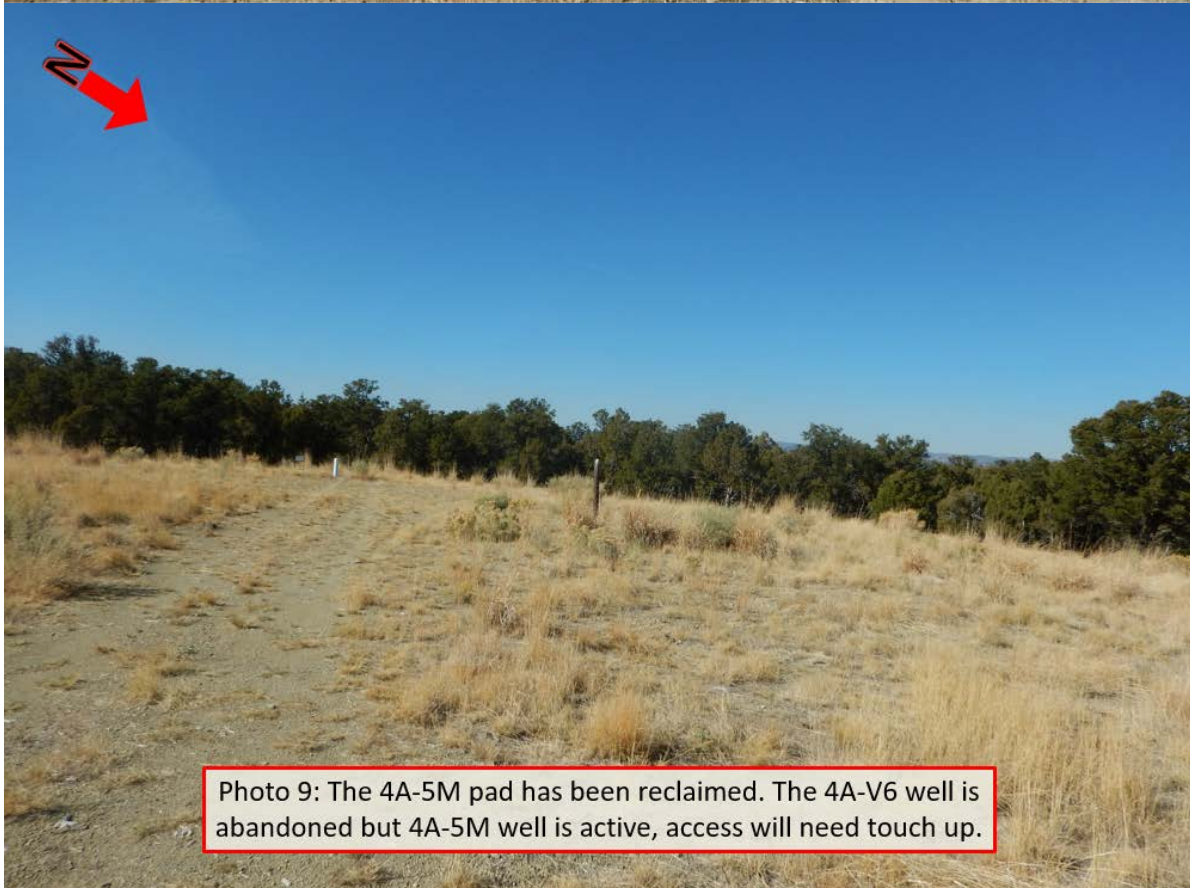
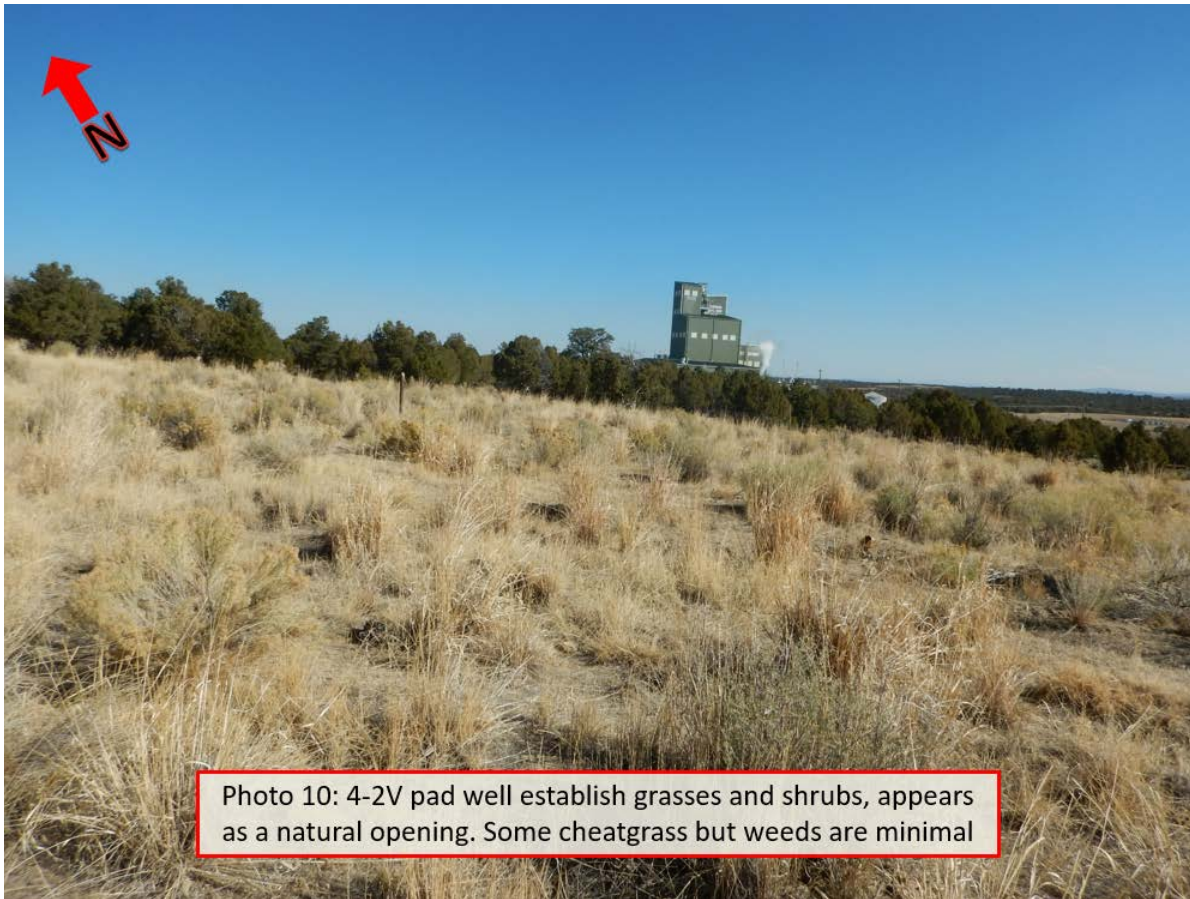


Photo 9: The 4A-5M pad has been reclaimed. The 4A-V6 well is abandoned but 4A-5M well is active, access will need touch up.





STATE OF
COLORADO

Yeldell - DNR, Amy <amy.yeldell@state.co.us>

RE: 10/22/20 Natural Soda Inspection follow-ups

1 message

Gerry Deschaine <gdeschaine@naturalsoda.com>
To: "Yeldell - DNR, Amy" <amy.yeldell@state.co.us>

Wed, Oct 28, 2020 at 1:26 PM

Amy – I see a typo in my note to you – the electrical box picture is at Pad 4-3H(V).

Gerry Deschaine

Divisional Risk and Sustainability (HSE) Manager



Natural Soda

3200 County Road 31, Rifle, Colorado, 81650, United States

Phone: +1 970 456 1287 **Mobile:** +1 970 948 5245 **Email:** gdeschaine@naturalsoda.com **Web:** www.naturalsoda.com

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Thank you

From: Yeldell - DNR, Amy <amy.yeldell@state.co.us>
Sent: Wednesday, October 28, 2020 1:22 PM
To: Gerry Deschaine <gdeschaine@naturalsoda.com>
Cc: paul_daggett@blm.gov; Jerry Daub <jjdaub@daubandassociates.com>; Kirk Daehling <kdaehling@naturalsoda.com>
Subject: Re: 10/22/20 Natural Soda Inspection follow-ups

Thanks Gerry. I will add this to the permit file and get the inspection report written up.

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Amy Yeldell

Environmental Protection Specialist**Minerals Program, Grand Junction Field Office**P [303-866-3567](tel:303-866-3567) Ext:8183 | F [303-832-8106](tel:303-832-8106)

101 S. 3rd St., Suite 301, Grand Junction, CO 81501

amy.yeldell@state.co.us | www.colorado.gov/drmsOn Sun, Oct 25, 2020 at 11:03 AM Gerry Deschaine <gdeschaine@naturalsoda.com> wrote:

Amy,

Here for your use are follow-up photos related to the site inspection last Thursday.

The first photo documents the cleared location of our 10/23/20 corrective action to remove an electrical box and ground rod from Pat 4A-6V. Other photos attached show the current vegetative reclamation state of the remote pads E, H, N, P and R.

Thank you for coordinating with this group to observe our current Covid-19 precautions and meet together for this inspection.

Best regards,

Gerry Deschaine**Divisional Risk and Sustainability (HSE) Manager****Natural Soda**[3200 County Road 31, Rifle, Colorado, 81650, United States](#)

11/9/2020

State.co.us Executive Branch Mail - RE: 10/22/20 Natural Soda Inspection follow-ups

Phone: +1 970 456 1287 **Mobile:** +1 970 948 5245 **Email:** gdeschaine@naturalsoda.com **Web:** www.naturalsoda.com

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Thank you



PAD E 10/23/20

39.941279995

-108.3666220173



PAD H 10/23/20

39.934796,

-108.366280

PAD N 10/23/20

39.934799995

-108.374019994



PAD P 10/24/20

39.943600367

-108.388870476

PAD R 10/24/20

39.951120603

-108.389832719