




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: Monitoring	INSPECTOR(S): Amy Yeldell	INSP. DATE: March 22, 2021	INSP. TIME: 09:00
OPERATOR: Flag Resources Inc	OPERATOR REPRESENTATIVE: Eric Frie	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$264,210.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: DRMS	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 29, 2021	

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>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</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 normal monitoring program. The Silt Pit is a 112c sand and gravel pit that consists of a total of 170.70 acres with a maximum disturbance of 40 ac. It is located in Garfield County approximately a mile and a half southeast of Silt Colorado and is accessed from CR 331. Eric Frei represented the operator and accompanied Amy Yeldell of the Division on the inspection.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. The sign is located at the entrance to the permit boundary.

The site was active at the time of the inspection. There were several processing plants and pieces of heavy equipment located throughout the site. Fuel is located in a cement secondary containment structure. Several buildings are located within the permit. The leased cement batch plant remains on site though it was inactive at the time of the inspection.

Active mining is occurring in the eastern dry lake area. The surface footprint has been completely disturbed and the operation is continuing to work deeper. The active pit is approximately 40 acres, not including processing and building areas. Approximately 200 LF of the northern highwall adjacent to the river is currently being worked and is at a 1H: 1V slope. The remaining slopes on the north side have all been contoured to a 3H:1V and mostly topsoiled. The far east end still requires backfill and will be an ongoing project. The south and western banks of the east lake remain at a 2H: 1V slope.

Last year the Operator also mined the feed lot area which is approximately 6 acres. Material in this area is poor. The operator intends to remove the remaining pit run and then begin final reclamation. The area should be contoured and ready for seed this fall.

The western lake has been previously mined and is reclaimed awaiting adequate vegetation establishment. Mr. Frei indicated that they will likely hydroseed the northern banks where vegetation is lacking. The Southern shoreline adjacent to the boathouse is a sandy beach void of vegetation but stable and in support of the post-mining land use, recreation.

The previously backfilled area on the southeast side of the pit adjacent to the country road remains used for a stockpile area. The operator has been importing asphalt and crushing it during the winter. They intend to sell the recycled asphalt product and are aware that asphalt may not be buried where it could come into contact with groundwater.

Some of the metal debris cited in previous inspection reports remains on site. The operator has indicated that a large majority of it has been sold and is awaiting pick up. The rest of it will be removed once steel scrap prices come up.

As the site nears final reclamation the reclamation plan and map will likely need to be updated to reflect the as-built site conditions. The Division has attached the current reclamation plan map as last revised under TR-4. Per TR-4 the mine office, shop and two pole barns are all permitted to stay post mining. The map also shows limited graveled roads and parking areas. Currently there are several roads, graveled storage areas and

structures that are present that are not on the final reclamation plan. Many of these features support the post-mining land use of recreation however prior to reclamation being released the operator needs to revise the reclamation plan and map to match site conditions.

Vegetation was dormant at the time of the inspection. Staff was unable to determine if weeds are present or evaluate reclaimed areas.

The Division currently requires a financial warranty amount of \$264,210 for this site. The bond was last recalculated with SR-1 in 2018. In an effort to ensure the Financial Warranty adequately, reflects the actual current cost of fulfilling the requirements of the approved reclamation plan the Division will be updating the reclamation cost estimate. If the current bond is found to be insufficient the Division will send a Notice of Surety Increase under a separate cover.

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

PHOTOGRAPHS



Photo One: Processing plant near shop area



Photo Two: Mined feed lot area



Photo Three: Mined feed lot area










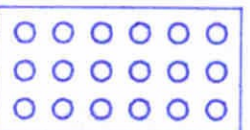
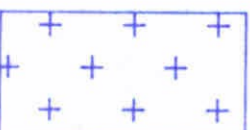


Inspection Contact Address

Eric Frie
Flag Resources Inc
1412 CR 311
New Castle, CO 81641









Enclosure: Reclamation Plan Map (TR-4)

CC:

-  RECONSTRUCTED WETLANDS
-  UNDISTURBED WETLANDS
-  LAKE AREA
-  FISH HABITAT
-  BACKFILLED



LEGEND

-  AFFECTED LANDS
-  200 FOOT LINE
-  ROADS
-  RIVER
-  BUILDING
-  TREES & BRUSH
-  FENCE
-  MINING DIRECTION

Permit # M-1981-102-SG Confidential? NO
 Class REVISION Type Seq. 78-04
 MV# NA Inspection Date 11/2/06
 Doc Date (if no date stamp) 11/2/06
 Doc Name RECLAMATION PLAN MAP
 From BE ENVIRONMENT, INC.
 To DRMS/Other DEALS
 Recipients RAW, CEM

MAP EXHIBIT F

FLAG RESOURCES, INC.

SILT PIT RECLAMATION PLAN

PART OF THE SE/4NE/4, SW/4NE/4, NE/4SE/4, SW/4SE/4,
 NW/4SE/4, SW/4, and SE/4NW/4, SEC. 11 and Part of the
 NW/4SW/4, and SW/4NW/4, SEC. 19, T6S, R92N, 6TH PM.
 GARFIELD COUNTY, COLORADO

PREPARED BY **ENVIRONMENT, INC.**
 1985 AVANCE DR. # 105A
 DENVER, CO 80202
 (303) 425-1297

DATE: OCTOBER 1981
 SCALE: 1"= 200'

DATE	REVISION	BY
1/81	ORIGINAL REVISION	MS/DW
6/89	ORIGINAL REVISION	MS/DW
7/99	ORIGINAL REVISION	MS/DW
1/06	ORIGINAL REVISION - ADD BUILDINGS AND CHANGE LAKE SHAPE	RAW/DW