




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.

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| MINE NAME: Skelton Pit | MINE/PROSPECTING ID#: M-2022-019 | MINERAL: Sand and gravel | COUNTY: San Miguel |
| INSPECTION TYPE: Preoperation Inspection | INSPECTOR(S): Lucas West | INSP. DATE: September 15, 2022 | INSP. TIME: 10:22 |
| OPERATOR: Oldcastle Southwest Group, Inc. dba United C | OPERATOR REPRESENTATIVE: Jesse Farmer | TYPE OF OPERATION: 112c - Construction Regular Operation | |
| REASON FOR INSPECTION: Preoperation Inspection | BOND CALCULATION TYPE: Complete Bond | BOND AMOUNT: No Bond Held | |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None | |
| WEATHER: Clear | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: September 19, 2022 | |

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.

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| (AR) RECORDS----- <u>N</u> | (FN) FINANCIAL WARRANTY----- <u>N</u> | (RD) ROADS----- <u>N</u> |
| (HB) HYDROLOGIC BALANCE----- <u>Y</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>N</u> | (FW) FISH & WILDLIFE----- <u>Y</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>N</u> | (ST) STIPULATIONS----- <u>N</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 as a Pre-operational Inspection, part of the Permit Application Process, established by the Colorado Division of Reclamation, Mining and Safety's Active Mines Program. The Skelton Pit Application is for a 112 Regular Construction Materials Operation located off County Road 44ZN, just south of Norwood, CO at approximately 7,000 feet in elevation. The site is located adjacent to the United Companies Norwood Pit, and the San Miguel County Norwood Pit and public access is controlled by a locked gate at the shared entrance for all three sites. The pre-mining land use is listed as Rangeland and post mining the site will be reclaimed to support a Rangeland Post Mining Land Use. The application details a Proposed Permit Area of 25 Acres on private land that will be mined in two 13 Acre phases. As part of the Application Process, Division Staff has performed a Reclamation Cost Estimate. Staff Calculations show the actual cost for conducting reclamation to be \$169,864.00. Please see the attached Approval and Request for Warranties document. XXX Photos accompany this inspection to illustrate the current site conditions.

The application details a standard gravel pit operation by way of traditional highwall mining techniques that will proceed from east to west at a depth of approximately 25 feet. The pit is bordered by the United Norwood Pit to the north and the San Miguel County Norwood Pit to the west. Based on application materials and conditions observed in the adjacent sites, groundwater is not expected to be intercepted. The site will be reclaimed by sloping the southern edge of the Proposed Permit Area to a 3H: 1V slope with a pit floor that daylights to the adjacent sites. The slopes and pit floor will be ripped, topsoiled and revegetated to achieve reclamation.

The proposed permit area currently exists as a relatively flat rangeland field used to support livestock. The area is undisturbed and well vegetated with low growing grass species. This area can be seen in Photos One through Three. Evidence of recent livestock occupation was observed, and a large population of Prairie Dogs were observed. No evidence of State Listed Noxious Weeds was noted and no impounded storm water was observed. A flatbed trailer full of gated irrigation pipe was observed on site. The trailer appeared to be mobile and will be removed prior to operations. Along the east and southern edges of the Proposed Permit Area exists a native wooded area consisting of Pinon and Juniper Trees. These areas will be cleared prior to operations and the slash material will be preserved for use during reclamation. An example of the wooded area can be seen in Photo Four.

The overall footprint of the site is in good condition, undisturbed, and no erosion or State Listed Noxious Weeds were noted. Based on the observations made during this inspection as well as the details included in the Application and supplemental materials, Division staff has determined the application has met the minimum requirements of the Act and Rules and Regulations. Please see the enclosed Application Approval Letter and Request for Financial and Performance Warranties document for more information.

All responses to this report should be directed to Lucas West at the Colorado Division of Reclamation, Mining and Safety's Active Mines Program at 1001 E 62nd Ave, Room 215, Denver CO 80216. Direct contact can be made at the Division's Grand Junction Field Office, by phone at 303-866-3567 Ext. 8187 or by email at lucas.west@state.co.us.

PHOTOGRAPHS



Photo One: View southwest, showing the undisturbed proposed permit area. The area is heavily populated with Prairie Dogs and well vegetated with grassland species.

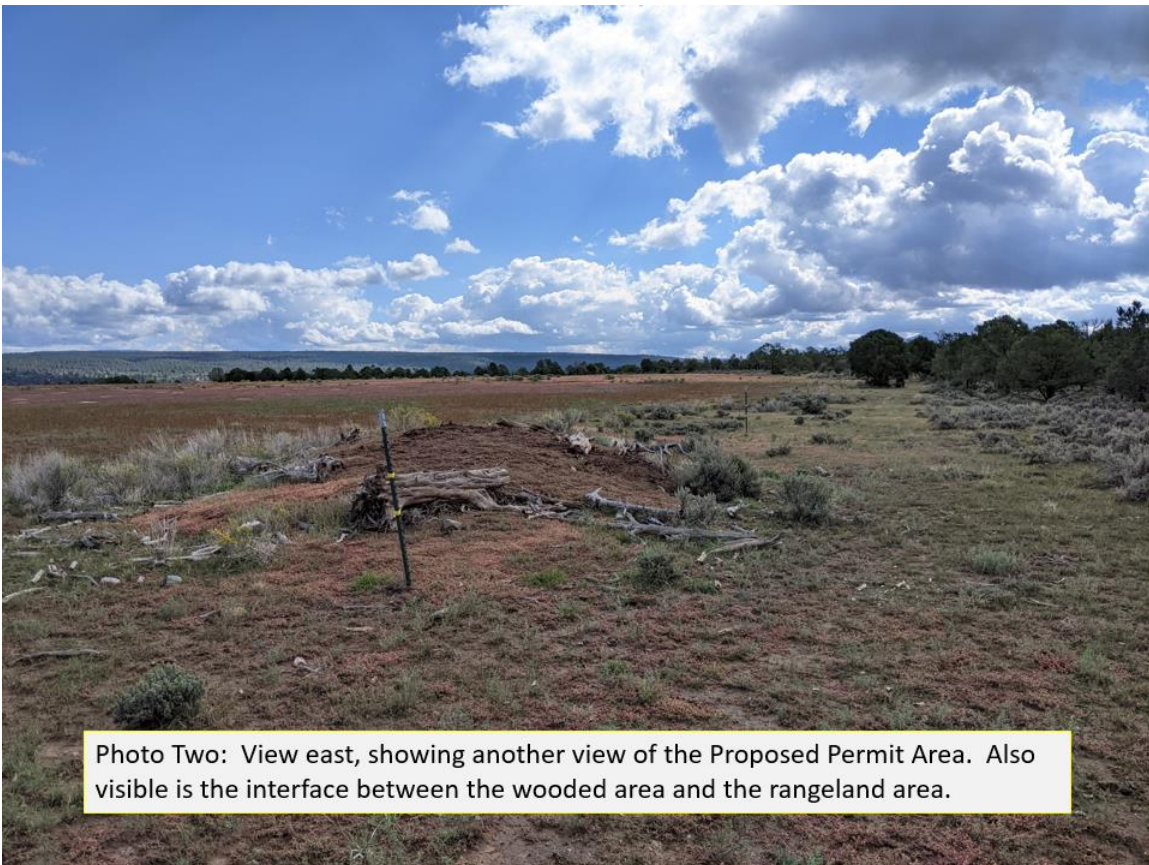
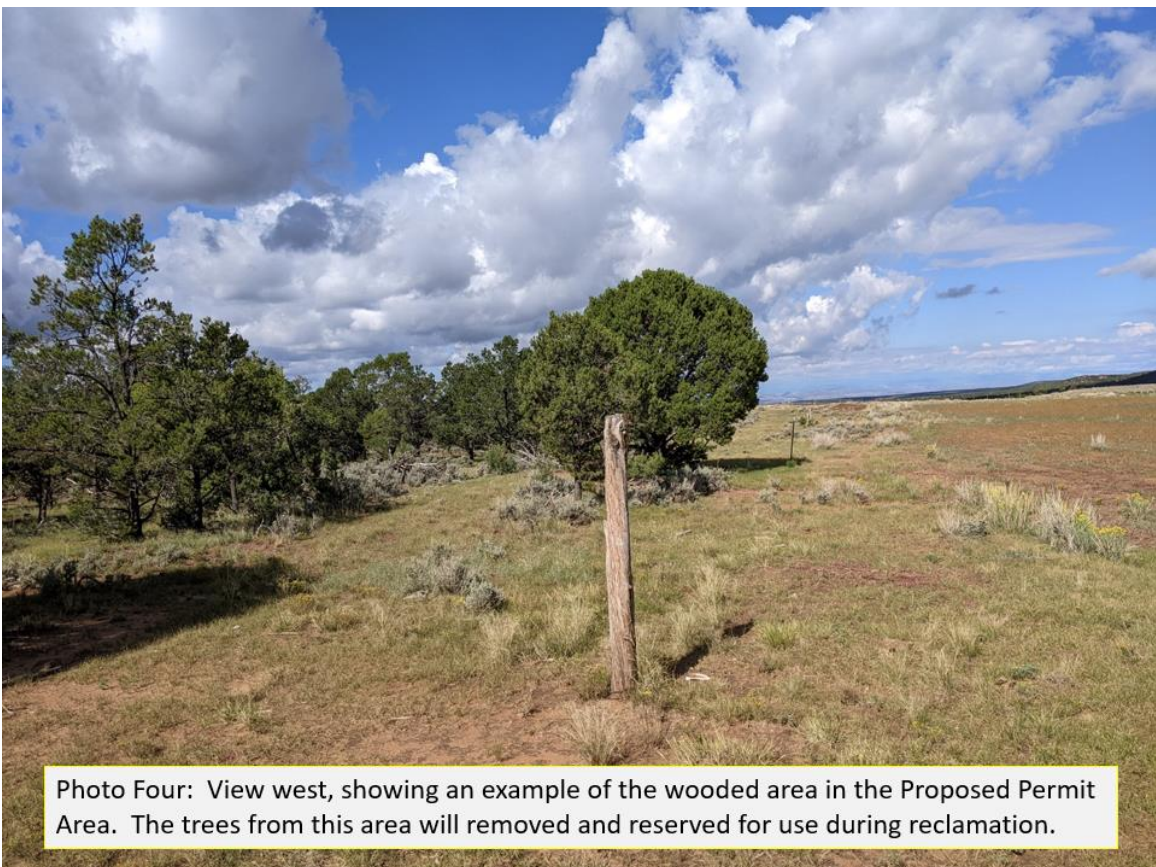


Photo Two: View east, showing another view of the Proposed Permit Area. Also visible is the interface between the wooded area and the rangeland area.



Inspection Contact Address

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Oldcastle Southwest Group, Inc. dba United Companies
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Grand Junction, CO 81505

Enclosure Application Approval and Request for Financial and Performance Warranties Letter

CC: Travis Marshall, DRMS