




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: Potts Pit #2 | MINE/PROSPECTING ID#: M-2006-013 | MINERAL: Gravel, sand and bor for construction | COUNTY: Huerfano |
| INSPECTION TYPE: Monitoring | WEATHER: Windy | INSP. DATE: January 26, 2023 | INSP. TIME: 09:30 |
| OPERATOR: Eastern Colorado Aggregates, R.L.L.L.P. | OPERATOR REPRESENTATIVE: Baxter Kirkland | TYPE OF OPERATION: 112c - Construction Regular Operation | |

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| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: None | BOND AMOUNT: \$64,836.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| INSPECTOR(S): Amber Michels Jared Ebert | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: February 7, 2023 |

GENERAL INSPECTION TOPICS

The following list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each

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| (AR) RECORDS----- <u>N</u> | (FN) FINANCIAL WARRANTY----- <u>Y</u> | (RD) ROADS----- <u>N</u> |
| (HB) HYDROLOGIC BALANCE----- <u>N</u> | (BG) BACKFILL & GRADING----- <u>Y</u> | (EX) EXPLOSIVES----- <u>N</u> |
| (PW) PROCESSING WASTE/TAILING---- <u>N</u> | (SF) PROCESSING FACILITIES----- <u>N</u> | (TS) TOPSOIL----- <u>Y</u> |
| (MP) GENL MINE PLAN COMPLIANCE- <u>Y</u> | (FW) FISH & WILDLIFE----- <u>N</u> | (RV) REVEGETATION---- PB |
| (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>Y</u> | (SC) EROSION/SEDIMENTATION--- PB | (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

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a

Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Records (AR)

PROBLEM: The Division does not have documentation the permittee/operator has the legal right to enter and conduct mining and reclamation operations from the Surface Owner and Subsurface Owner of record for the site. This is a problem at this time for failure to maintain legal right of entry in accordance with Rule 6.4.14. Based on the Division's review, the surface owner is JW Cattle Ranch, LLC. and the Bureau of Land Management (BLM) owns the subsurface mineral rights.

CORRECTIVE ACTIONS: The permittee/operator must provide proof of legal right to enter and conduct mining and reclamation operations with both the surface and subsurface owners as described in Rule 6.4.14 by 4/8/2023.

CORRECTIVE ACTION DUE DATE: 4/8/2023

INSPECTION TOPIC: Revegetation

PROBLEM: Tamarisk (salt cedar) trees are present within or have volunteered into the permit area and are becoming established. This is a problem for failure to employ weed control methods for a state listed noxious weed species within the permitted area, and to reduce the spread of weeds to nearby areas as required by Rule 3.1.10(6).

CORRECTIVE ACTIONS: The operator shall implement the existing weed control plan for the site. The permittee/operator shall submit documentation of the weed control activities by 6/30/2023. This documentation may include, photographs of the weed control activities and documentation of treatment methods (mechanical, herbicide, etc.) used.

CORRECTIVE ACTION DUE DATE: 6/30/2023

INSPECTION TOPIC: Sediment Control

PROBLEM: Erosion gullies and ruts were observed on-site. This is a problem at this time for failure to protect the affected land from erosion pursuant to C.R.S. 34-32.5-116(4)(j).

CORRECTIVE ACTIONS: The operator shall provide photo documentation to the Division verifying erosion gullies and ruts have been repaired, and that the site has have been reconstructed and stabilized to prevent erosion damage by the corrective action date.

CORRECTIVE ACTION DUE DATE: 3/9/2023

OBSERVATIONS

The Potts Pit #2 site was inspected by Amber Michels and Jared Ebert with the Division of Reclamation, Mining and Safety (Division/DRMS). The inspection was completed to assess the conditions of the site since the Division sent a corrective actions notice in December 2022. The site was previously inspected by the Division on April 13, 2022 and found multiple problems including issues with maintaining right of entry, erosion/sedimentation, revegetation, and general mine plan compliance. The corrective actions letter was

addressing the issues found during the last inspection and had a January 27, 2023 due date. Baxter Kirkland representing the permittee Eastern Colorado Aggregates, R.L.L.P and his wife Brianna, met us at the site. The weather was windy, cold, and clear.

The Potts Pit #2 site is located in Huerfano County, about 2 miles east of Exit 56, from I-25 S on County Road 102. The mine is a 112 construction materials permit for 58.5 acres on property owned by JW Cattle Ranch, LLC. The mineral rights to the property belong to the Bureau of Land Management (BLM). The primary commodities mined at the site are sand, gravel, and borrow material. The approved post-mining land use is rangeland and the land surrounding the pit is rangeland.

Financial Warranty:

The current required financial warranty for the site is \$103,200.00, the Division currently holds a financial warranty in the amount of \$103,200.00 for this site in the form of the Bond from Travelers Casualty and Surety Company of America. During the April 2022 inspection, the Division evaluated the reclamation liability for the site and calculated it to be \$153,074.00. This amount is \$49,874.00 more than the financial warranty currently held. The operator reviewed the reclamation cost estimate and provided the Division with questions on September 12, 2022. The Division has reviewed the questions and comments and is re-evaluating the reclamation cost estimate. The Division will send the permittee a copy of the revised cost estimate under separate correspondence.

Gen. Compliance With Mine Plan:

Since the last inspection, no mining has occurred. The site had previously been under Temporary Cessation (TC1). TC1 expired May 2021. Rule 1.13.5 states, if an Operator temporarily ceases production of the mining operation for one hundred eighty (180) days or more, the Operator must file a Notice of Temporary Cessation in writing to the Office. The operator/permittee expressed that he wants to begin final reclamation for the site starting this month and predictably finishing summer of 2023. Currently there are no plans to mine within the Phase II area of the permit. Given the Temporary Cessation has expired, the Operator must initiate operations at the site once their legal right of entry (discussed below) has been documented.

Other:

The operator/permittee noted that a bulldozer not owned by the permittee was seen on the property a month prior to the inspection. Several small piles of soil and wood debris were stockpiled at the site. The resulting waste piles are thought to have been left by an unknown party. The operator plans to remove these piles and try to determine who was on the property to prevent this from occurring again.

Right of Entry:

The Division does not have documentation the operator/permittee has legal right to enter the site and conduct operations from the current surface and subsurface owners. The BLM appears to be the current subsurface owners of the site and there are existing construction materials stockpiled at the site owned by the BLM. Mr. Kirkland indicated they desire to use the onsite material for construction projects in the near future. Prior to hauling the mined material off the site, the permittee must have a valid federal lease from the BLM. Mr. Kirkland expressed they are working with the BLM to get a lease issued. Mr. Kirkland also stated that they will talk to the new surface landowner (JW Cattle Ranch, LLC) and obtain right of entry documentation. The permittee must provide documentation they have legal right of entry to conduct mining and reclamation operations at the site in accordance with Rule 6.4.14. This issue is cited as a problem at the beginning of this report.

Revegetation:

As noted during the last DRMS inspection, Tamarisk trees have established at the site. The Operator must implement the approved weed control plan to address the infestation of Tamarisk trees observed at the site. This issue is cited as a problem at the beginning of the report.

Sediment Control:

Large erosion gullies and ruts were observed at the north central side of the affected land. These erosional features have been identified in previous DRMS inspections. Mr. Kirkland said that he would work on filling in the erosion gullies in the northeast portion of the Phase I(a) area and the northwest portion of the Phase I(amendment) area starting the week following the inspection. The operator/permittee also indicated that some of the deeper erosion rills in the Phase I(b) area will be addressed through reclamation. This issue is cited as a problem at the beginning of this report.

Signs and Markers:

The mine identification sign and permit boundary markers were observed.

Photographs taken during the inspection are attached.

Please contact Amber Michels 720-836-0967 or email at amber.michels@state.co.us if you have any questions regarding this report.

Inspection Contact Address

Baxter Kirkland
Eastern Colorado Aggregates, R.L.L.L.P.
PO Box 580
Rye, CO 81069

Enclosure: Ronda Neumeister, Eastern Colorado Aggregates, R.L.L.L.P.

CC: Jared Ebert, DRMS

PHOTOGRAPHS



Photo 1: Permit sign at site entrance.



Photo 2: Looking west at substantial erosion gully located in northeast corner of the Phase I(a) permit area.



Photo 3: Looking northwest at erosion gully in northeast corner of the Phase I(a) Permit area.



Photo 4: Looking east at substantial erosion into the north west corner of the Phase I(amendment area) of the permit.



Photo 5: Waste piles left by trespasser.



Photo 6: Looking south into the Phase I(b) permit area at substantial establishment of Tamarisk.



Photo 7: Looking southeast at Tamarisk established in the Phase I(b) permit area, and at erosion rills on the slope.

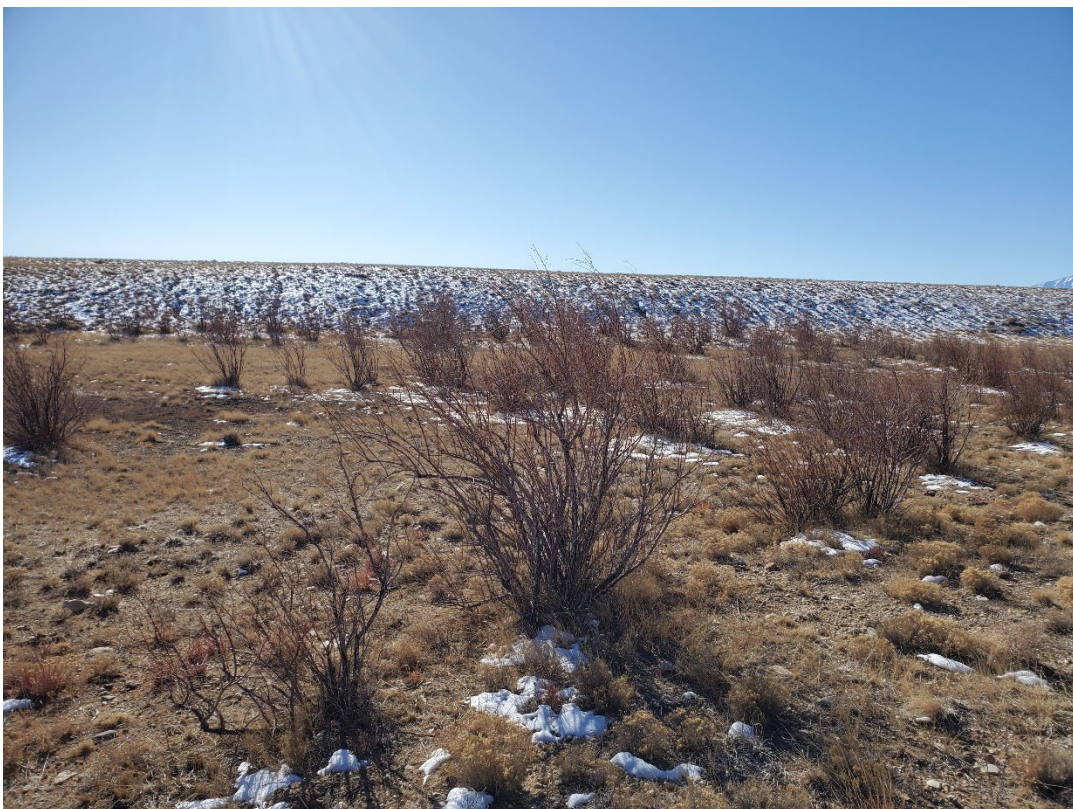


Photo 8: Looking south into the Phase I(b) permit area at Tamarisk and small erosion rills on the slope.