




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: Shale Core 2020-03	MINE/PROSPECTING ID#: P-2021-003	MINERAL: Oil shale	COUNTY: Rio Blanco
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: August 9, 2023	INSP. TIME: 10:00
OPERATOR: Mahogany Energy Resources, LLC	OPERATOR REPRESENTATIVE: Justin Bilyeu	TYPE OF OPERATION: MP - Mineral Prospecting	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$8,517.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Amy Yeldell	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: August 21, 2023	

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>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>NA</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>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>NA</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 Shale Core 2020-03 is a Hard Rock NOI located in Rio Blanco County. The NOI includes a total of 0.21 acres. Amy Yeldell of the Division conducted the inspection. Justin Bilyeu represented the Operator, Mahogany Energy Resources, LLC.

The mine identification sign and affected area boundary markers are in place and in compliance with Rule 3.1.12. A sign is posted as you enter the permit boundary. The permit boundary is delineated by a wire fence.

The site is now in final reclamation (fall 2022). Both of the wells have been permanently abandoned (plugged). The final report was received on June 30, 2023, as required per Rule 5.7. All abandonment related equipment has been removed from site. No other equipment, buildings, fuel or mining related debris remains on site. All pits have been reclaimed. The site is contoured, topsoil applied, seeded and exclusion fence installed. The pad is stable with no storm water or erosion concerns. The site was watered twice weekly in the spring of 2023 to get the initial vegetation established, but future or ongoing watering is not anticipated. Very few noxious weeds were observed. A few alyssum and Cheatgrass were present and should be treated to avoid spreading. Overall the reclaimed vegetation appears well established and dense in most places. Vegetation consists mostly of grasses with only a few small sparse forbs or shrubs. In general established vegetation appears diverse and should be monitored for continued improvement.

*Note that the Division has a policy of a minimum of two growing seasons before evaluation for reclamation release to ensure sustainability of established vegetation.

The Division currently requires a financial warranty amount of \$8,517 for this site. 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 has updated the reclamation cost estimate and found the current bond to be sufficient.

Responses to this inspection report should be directed to Amy Yeldell at the Division of Reclamation, Mining and Safety, Room 215, 1001 E 62nd Ave, Denver, CO 80216. 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

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Rifle, CO 81650

EC:
Travis Marshall, Senior EPS, Grand Junction DRMS

PHOTOGRAPHS



Photo One: Mine sign posted at permit entrance



Phot Two: overview of established grasses



Photo Three: access road to pad, revegetated two track



Photo Four: Pad overview, well established vegetation

COST SUMMARY WORK

Task description: 2023 Post inspection update

Site: Shale Core 2020-03

Permit Action: 2023

Permit/Job#: P2021003

PROJECT IDENTIFICATION

Task #: ACY

State: Colorado

Abbreviation: None

Date: 8/21/2023

County: Rio Blanco

Filename: M003-000

User: ACY

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
05a	Reveg failure only	REVEGE	1	4.00	\$1,289
06a	Remove Exclusion Fence	DEMOLISH	1	8.00	\$2,835
10a	Initial Mobilization	MOBILIZE	1	9.00	\$1,627
10b	Secondary Mobilization	MOBILIZE	1	3.50	\$152
<u>SUBTOTALS:</u>				24.5	\$5,903

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 0.00
Profit: 10.00

Total = \$119

Total = \$62

Total = \$0

Total = \$590

TOTAL O & P = \$772

CONTRACT AMOUNT (direct + O & P) = \$6,675

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0

Total = \$0

Engineering work and/or contract/bid preparation: 0.00

Total = \$0

Reclamation management and/or administration: 0.00

\$0

CONTINGENCY: 3.00

Total = \$177

TOTAL INDIRECT COST = \$949

TOTAL BOND AMOUNT (direct + indirect) = \$6,852