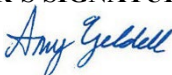




**MINERALS PROGRAM INSPECTION REPORT**  
**PHONE: (303) 866-3567**

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.

<b>MINE NAME:</b> Shale Core 2020-01	<b>MINE/PROSPECTING ID#:</b> P-2021-002	<b>MINERAL:</b> Oil shale	<b>COUNTY:</b> Rio Blanco
<b>INSPECTION TYPE:</b> Monitoring	<b>WEATHER:</b> Clear	<b>INSP. DATE:</b> August 9, 2023	<b>INSP. TIME:</b> 11:00
<b>OPERATOR:</b> Mahogany Energy Resources, LLC	<b>OPERATOR REPRESENTATIVE:</b> Justin Bilyeu	<b>TYPE OF OPERATION:</b> MP - Mineral Prospecting	
<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> Complete Bond	<b>BOND AMOUNT:</b> \$6,805.00	
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> DRMS	<b>JOINT INSP. AGENCY:</b> None	
<b>INSPECTOR(S):</b> Amy Yeldell	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> 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>N</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 2020-01 is a Hard Rock NOI located in Rio Blanco County. The NOI includes a total of 0.20 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 Kochia were present and should be treated or pulled to avoid spreading. Triticale, a sterile cover crop, did extremely well in some areas and may be overly abundant and choking out other desirable species. Monitor the dense populations of Triticale to ensure other species are germinating over time. Otherwise spot seeding may be necessary in these areas. 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 \$6,805 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**

Justin Bilyeu  
Mahogany Energy Resources, LLC  
1354 County Road 246  
Rifle, CO 81650

EC: Travis Marshall, Senior EPS, Grand Junction DRMS

**PHOTOGRAPHS**



Photo One: Mine sign at entrance to site



Photo Two: Dense patches of triticale





Photo Three: Dense and diverse cover of desirable grasses



Photo Four: a few shrubs/ forbs beginning to establish.



## COST SUMMARY WORK

Task description: 2023 Post inspection Update

Site: Shale Core 2020-01

Permit Action: 2023

Permit/Job#: P2021002

### PROJECT IDENTIFICATION

Task #: ACY

State: Colorado

Abbreviation: None

Date: 8/21/2023

County: Rio Blanco

Filename: M002-000

User: ACY

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
05a	Reveg failure	REVEGE	1	3.00	\$1,227
06a	Remove Exclusion Fence	DEMOLISH	1	8.00	\$856
10a	Initial Mobilization	MOBILIZE	1	9.00	\$1,627
10b	Secondary Mobilization	MOBILIZE	1	3.50	\$152
<b><u>SUBTOTALS:</u></b>				<b>23.5</b>	<b>\$3,862</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

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

Total = \$78

Total = \$41

Total = \$0

Total = \$386

TOTAL O & P = \$505

CONTRACT AMOUNT (direct + O & P) = \$4,367

#### 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 = \$116

TOTAL INDIRECT COST = \$621

**TOTAL BOND AMOUNT (direct + indirect) = \$4,483**