




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: Eagle-Gypsum Mine	MINE/PROSPECTING ID#: M-1984-041	MINERAL: Anhydrite, gypsum	COUNTY: Eagle
INSPECTION TYPE: Multi Person Inspection	WEATHER: Clear	INSP. DATE: March 12, 2024	INSP. TIME: 10:00
OPERATOR: American Gypsum Company LLC	OPERATOR REPRESENTATIVE: Tim Strack	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Partial Bond	BOND AMOUNT: \$2,614,549.39	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Amy Yeldell Leigh Simmons	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: March 25, 2024	

GENERAL INSPECTION TOPICS

The following inspection topic(s) were identified as having a **Problem (PB)**, which includes correction actions and a deadline whereby the Operator must demonstrate compliance with the conditions of the Permit and the requirements of the Act and Rules. Failure to address the corrective actions by the deadline may cause the Division to escalate the Problem to a **Possible Violation (PV)** and schedule the issue for formal hearing before the Mined Land Reclamation Board (Board).

(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>Y</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>PB</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>Y</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>NA</u>	(RS) RECL PLAN/COMP-- <u>NA</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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**

CORRECTIVE ACTION(S)

INSPECTION TOPIC: Gen. Compliance With Mine Plan

PROBLEM: The current Mine and Reclamation Plans needs to be updated and clarified pursuant to C.R.S. 34-32.5-112 (1)(c)(VI) and 116 (1). The operator must provide sufficient information to describe or identify how the operator intends to conduct the mining and reclamation activities.

CORRECTIVE ACTIONS: The operator shall submit a Technical Revision, with the required \$216 revision fee, to update and clarify the current approved Mining and Reclamation Plans to reflect existing and proposed activities by the corrective action date. Information provided will be used to determine the “worst case scenario” with regards the reclamation cost estimate.

CORRECTIVE ACTION DUE DATE: 5/24/24

OBSERVATIONS

This inspection was conducted by the Colorado Division of Reclamation, Mining and Safety (Division) to facilitate a review of the Financial Warranty and to determine if the current amount is sufficient to fulfill the requirements of the approved reclamation plan for the Eagle-Gypsum Mine. In November of 2023 the lead specialist, Leigh Simmons, requested assistance from the Division’s Cost Estimating Task Force. The Division has spent several months reviewing the permit file and previous estimates. BLM was also consulted since a portion of the permit area is located on public lands. On March 12, 2024, Amy Yeldell and Leigh Simmons of the Division conducted a site inspection to verify field conditions. Tim Strack and Adam Trujillo represented American Gypsum Company LLC, the Operator, and accompanied the Division on the inspection.

The Eagle-Gypsum Mine is a 112c operation with a total permit area of 929.2 acres, of which a maximum of 353.2 acres are permitted to be affected. The mine is located about 1 1/4 miles north of Gypsum, with access off of Trail Gulch Road. The site was active at the time of the inspection.

Acid And Toxic Materials:

Fuel storage was observed at the shop office area above the Lower Pit (Photo One). All hazardous materials were stored within secondary containment.

Backfilling and Grading:

The northeastern portion of the Lower Pit was actively being backfilled at the time of the inspection (Photo Two). The eastern haul road has been re-aligned so that once backfilled and sloped to a 3H: 1V the road will be at the base of the ridge (Photo Three).

The operator intends to conduct exploration of the ridge east of the Lower Pit within the next 12 months. Depending on the results of the exploration the mining and reclamation plans may change, (this would require an amendment to the permit). The Division’s Reclamation Cost Estimate is based on backfilling the Lower Pit according to the currently approved plan.

Explosives:

The site is permitted for the use of explosives, though this methodology is rarely used.

Financial Warranty:

The Division currently requires a financial warranty amount of \$2,614,549 for this site. The bond was last recalculated with AM-04 in 2020. 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.

During the inspection Mr. Strack had maps with current pit areas and lengths delineated. He also indicated that their engineering team could provide volumetrics. That type of information would be invaluable to assist in calculating the reclamation cost estimate. Specific inputs the Division need to populate an estimate are: Avg haul distance, avg haul grade, volumes to be transported/graded/backfilled to achieve final slope, material type and consistency, avg push distances and grade, area requiring ripping, acres to be topsoiled seeded. While this is not an exhaustive list, details not provided by the Operator will be based on the estimator's best judgement.

Hydrologic Balance:

There have been several recent wet and heavy spring snowstorms at the site. In general, most of the snow has melted but small amounts remain on the leeward side. Wet soil was observed but overall, the site was generally dry. There were a handful of remaining puddles in the low spots that had yet to infiltrate or evaporate due to the low temperatures. Altogether, all stormwater is contained within the pit and no discharge was observed.

Gen. Compliance With Mine Plan:

The Lower Pit was active at the time of the inspection. One rotomill was working in the lower part of the pit. The other was being worked on in the pit floor. Two loaders were sorting and stockpiling material for transport. Several trucks were observed hauling Gypsum to the wall board plant in town. As well as transporting overburden and waste material (Anhydrite) to the northeastern portion of the Lower Pit to be used as backfill. (Photos Four – Eight)

At the time of the inspection the Upper Pit was inactive (Photos Nine and Ten). It has previously been disturbed however no activity has happened in approximately 6 yrs. when operations switched back down to the Lower Pit. No Mining has occurred to date on the East Pit.

The use of concurrent reclamation is discussed within the Mining and Reclamation Plans. However, the specific details as to the maximum disturbance or what exactly is the worst-case scenario is somewhat ambiguous. Mr. Strack indicated during the inspection that the Lower Pit will be completely mined out before returning to the Upper Pit. At which point overburden or waste material will be used to continue backfilling the Upper Pit as necessary. Similarly, the East Pit will not be opened up until the Upper Pit is nearly exhausted. Then waste and overburden material generated at the East Pit will be utilized at the Upper Pit. While conceptually this is a relatively simple concept the vagueness presents a challenge with regards to bonding. This ambiguity is cited as an inspection problem. Key details need to be clarified within the Mining and Reclamation Plans in order to determine what is the worst-case scenario. These details need to be presented in the form of a Technical Revision (TR). At the conclusion of the TR process, the Division will recalculate the Financial Warranty, which may result in an adjustment. Please submit the TR with the required revision fee by the corrective action due date.

The TR at a minimum shall clarify the following details:

- What is the maximum disturbed area to be reclaimed at any given time? (Please clarify conceptually and, if possible, numerically what/when is the “worst-case scenario”.)
- What is the maximum length and height of highwalls to be backfilled on site at any given time, broken out by pit? (Alternatively, what is the maximum amount of backfill material requiring placement at any given time?)
- How much rock is on site to build the Upper Pit 6900 Access Road Stormwater Channel (TR-11) and how much will need to be purchased and imported? What is the expected source and unit cost of imported material.
- What is the total length of 4ft high fence to be removed adjacent to BLM trails?
- The reclamation plan states that 6-12” of topsoil will be replaced. Generally, topsoil isn’t that deep on site. How will a deficiency of topsoil be addressed?
- Regarding drilling activities within the permit boundary: How many holes may be open at any one time? How and when will holes be plugged and abandoned? What is the maximum size and depth of exploration holes? (Note that exploration outside of the permit boundary should continue to be addressed through a separate exploration permit)

The Division will bond out tasks based on areas (Roads, Upper Pit, Lower Pit, East Pit, Facility Area, Topsoil Stockpiles, Stormwater, etc.). Where possible please itemize information provided as they relate to specific areas.

Note that the Plans need to address mining and reclamation activities as they relate to the current permitted areas. Plans should not reference hypothetical expansions. If in the future the permit is amended the Mining and Reclamation Plans will be revised as such.

Roads:

The mine road forks to the east off of Trail Gulch Road. All roads beyond the fork are associated with the mining operation and are to be reclaimed upon completion of mining.

The aforementioned southern haul road associated with the lower pit has been completed. The haul road for the lower pit is a loop with trucks entering the active portion of the lower pit from the east and exiting the pit on the west side. The eastern lower haul road is also being accessed for backfill placement.

The road to the upper and east pit was coned off since this area is not active. The Upper Pit Access Road was wet but appeared well maintained. The Upper Pit 6900 Road and the East Pit access road have not been constructed to date. It was stated that these will not be constructed for quite some time (20 yrs. +). For bonding/reclamation purposes this point should be clarified that they will not need to be reclaimed until the Upper Pit floor has been significantly mined down and the East Pit is opened.

Reclamation Success:

The site has a post-mine land use of Wildlife Habitat and Recreation. No areas were evaluated for reclamation success or release during this inspection.

Revegetation:

According to the 2023 Annual Report approximately 37.04 acres have been revegetated to date. These areas include the hillsides adjacent to the main stockpile area and sediment controls near the permit entrance. The topsoil and stockpiles located to the east of the lower pit. As well as the northern bank above the Upper Pit. Vegetation densities varied mainly based on reclamation date. Revegetation in this area is extremely slow due

to the arid nature and poor soils. Recent revegetation efforts at the Upper Pit are generally sparse, while (Photo Eleven). While the topsoil stockpile area and the hillsides near the main stockpile area are quite successful and appear similar compared to adjacent undisturbed areas (Photo Twelve).

Sediment Control:

Given the time of the year and recent winter storms the sediment ponds below the Upper Pit were not accessed to avoid tearing up the roads.

The recently reclaimed area to the north of the Upper Pit had a significant amount of rilling (Photo Thirteen). This area will likely need to be regraded and revegetated. The Operator indicated this is the result of a timing issue where topsoil was placed, but they could not get the seeder out right away. Other reclaimed areas do not have these same erosional issues. This area does not pose a risk to off-site impacts and therefore is not cited as a problem at this time.

Support Facilities On-site:

Given the size of the operation the amount of support facilities located onsite are minimal. Where possible the Operator utilizes Conex to store supplies (Photo Fourteen). All misc. materials and facilities areas are organized and well kept. The Mine Plan appears to accurately reflect the structures currently on site and their building materials (Photos Fifteen and Sixteen). Per the Reclamation Plan all structures are to be removed and hauled off site.

If the facilities area is to be moved once the operation is only working in the Upper and East Pit area a Technical Revision will be required first.

Signs and Markers:

The previous inspection problem regarding the mine sign meeting the requirements of Rule 3.1.12(1) has been resolved.

Topsoil:

All topsoil is stored on the west side of the Lower Pit and has been revegetated. During the inspection the Division emphasized topsoil handling practices such as windrowing and immediate revegetation to avoid losing the already sparse resource.

Responses to this inspection report should be directed to: Amy Yeldell at the Division of Reclamation, Mining and Safety, Rm 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

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PHOTOGRAPHS



Photo 1: Shop and office area adjacent to the lower pit. Fuel stored in secondary containment.



Photo 2: Backfilling operations at the upper level of the Lower Pit.



Photo 3: Re-aligned haul road to support backfilling.



Photo 4: Overview of the southern portion of the Lower Pit. Material being sorted and hauled.



Photo 5: Rotomill actively operating in the southern portion of the Lower Pit.



Photo 6: Rotomill being repaired on the pit floor. Pocket of Anhydrite being mined around.



Photo 7: Overview of the southern portion of the Lower Pit.
Material being sorted and transported.



Photo 8: Overview northeast portion of the Upper Pit.
Actively grading backfill material.





Photo 11: Recently reclaimed portions of the Upper Pit.



Photo 12: Overview of reclaimed portions of the Lower Pit and the seeded topsoil stockpile





Photo 15: Equipment tent.



Photo 16: Office building at the mine site.