COLORADO
Division of Reclamation, Mining and Safety
Department of Natural Resources

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: West Fork Pit	**MINE/PROSPECTING ID#:** M-2005-069	**MINERAL:** Gravel	**COUNTY:** Garfield
INSPECTION TYPE: Surety-Related Inspection	**WEATHER:** Clear	**INSP. DATE:** November 20, 2024	**INSP. TIME:** 09:45
OPERATOR: QB Energy Operating, LLC	**OPERATOR REPRESENTATIVE:** Ed Seymour	**TYPE OF OPERATION:** 112c - Construction Regular Operation	

REASON FOR INSPECTION: Surety Related	**BOND CALCULATION TYPE:** Complete Bond	**BOND AMOUNT:** $0.00
DATE OF COMPLAINT: NA	**POST INSP. CONTACTS:** None	**JOINT INSP. AGENCY:** None
INSPECTOR(S): Todd Jesse	**INSPECTOR'S SIGNATURE:** Todd Jesse	**SIGNATURE DATE:** December 17, 2024

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: Signs & Markers
PROBLEM/POSSIBLE VIOLATION: Problem: The mine identification sign was not posted at the entrance of the mine site. This is a problem for failure to post a mine identification sign as required by Section 3.1.12(1) of the rule. The Operator shall, at the entrance of the mine site post a sign, which shall be clearly visible from the access road, with a minimum size equaling one hundred and eighty-seven (187) square inches, such as eleven (11) inches in height and seventeen (17) inches in width, with appropriate font size, with the following: the name of the Operator, a statement that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board; and the permit number.
CORRECTIVE ACTIONS: The operator shall, at the entrance of the mine site, post a sign which shall be clearly visible from the access road with the following: the name of the operator, a statement that a reclamation permit for the operation has been issued by the Colorado Mined Land Reclamation Board; and the permit number. The operator shall submit photo documentation that a proper sign has been posted by the corrective action date.
CORRECTIVE ACTION DUE DATE: 1/17/25

OBSERVATIONS

This inspection report was conducted as part of the succession of operator process established by the Colorado Division of Reclamation, Mining, and Safety's Active Mines Program to verify conditions in order to calculate an updated financial warranty. The West Fork Pit is a 110c Operation operated by Caerus Piceance LLC and QB Energy Operating LLC is the Prospective Successor. The site is located 10 miles north of Parachute, CO at an elevation of approximately 8220 feet. Public access is controlled by a gate from the Gardner Gulch Extension Road. Ed Seymour of QB & Caerus Piceance was present during the inspection. The sky was mostly clear with temperatures in the 30s. The ground was partially snow covered from recent storms.

Financial Warranty:
The last bond calculation was done in 2005. In an effort to ensure the financial warranty remains adequate to reclaim this site per the requirements of the approved reclamation plan, DRMS has updated the Reclamation Cost Estimate. The updated estimate is attached to this inspection report. Calculations estimate the cost of reclamation to be $72,306. This is an increase of $33,228 over the current surety held by the Division. The increase in financial warranty is due to inflationary costs of equipment and labor since the permit was issued. A Notice of Surety Increase will be sent under a separate cover once the operator has had the opportunity to review the estimate and dispute any calculations. The Succussion of Operator will not be issued until the new financial warranty is received by the Division.

Fish and Wildlife:
Coyote and mouse tracks were observed in the snow on the site.

Hydrologic Balance:
There is no groundwater exposed within the permit boundary. Minor amounts of meteoric water in the form of snow was observed within the disturbed area. Stormwater is contained within the disturbance area by berms. Ditches are free of obstruction and able to convey water. No erosional features were noted during the inspection.

Hydrocarbons were not stored on site. No spills were noted during the inspection.

Gen. Compliance With Mine Plan:
Mining is being conducted in accordance with the approved mining plan. At the time of the inspection the operator had disturbed approximately 3 acres of the approved 18.4 acres. Mining is occurring along the top of the ridge on the north half of the permit. The operator is stripping overburden and topsoil as they mine and storing them for use in reclamation. Product stockpiles are located within the permit boundary.

Signs and Markers:
As noted above the mine identification sign was missing at the time of inspection. It was likely knocked down by weather and in the snowbank below the fence that marks the entrance to the site. The affected area boundary markers are in place and in compliance with Rule 3.1.12. The permit boundary is marked with fence lines as well as earthen berms that are easily identifiable.

Topsoil:
Topsoil is being stockpiled in multiple locations along the perimeter of the pit. The topsoil stockpiles are protected by vegetation. No signs of erosion or slumping were observed on the topsoil piles. There appears to be sufficient topsoil to complete reclamation.

PHOTOGRAPHS

Photo - 1 View to the east of fence marking boundary. Sign is missing.

Photo 2 - View to the southeast of topsoil stockpile.

Photo 3 - View to the south of pre-existing excavated pit.

Photo 4 - View to the south along the western permit boundary. Animal track in foreground.

GENERAL INSPECTION TOPICS

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

(AR) RECORDS---------- N	**(FN) FINANCIAL WARRANTY-------- N**	**(RD) ROADS---------- N**
(HB) HYDROLOGIC BALANCE---------- Y	**(BG) BACKFILL & GRADING---------- N**	**(EX) EXPLOSIVES--------- N**
(PW) PROCESSING WASTE/TAILING---- N	**(SF) PROCESSING FACILITIES------- N**	**(TS) TOPSOIL---------- Y**
(MP) GENL MINE PLAN COMPLIANCE- Y	**(FW) FISH & WILDLIFE---------- Y**	**(RV) REVEGETATION---- N**
(SM) SIGNS AND MARKERS---------- PB	**(SP) STORM WATER MGT PLAN---- N**	**(RS) RECL PLAN/COMP-- N**
(ES) OVERBURDEN/DEV. WASTE--------- N	**(SC) EROSION/SEDIMENTATION--- N**	**(ST) STIPULATIONS------- N**
(AT) ACID OR TOXIC MATERIALS------- N	**(OD) OFF-SITE DAMAGE----------N**	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

Inspection Contact Address
Ed Seymour
QB Energy Operating, LLC
1001 17th Street, Suite 1600
Denver, , CO 80202

Enclosure

CC:

COST SUMMARY WORK

Task description:

Site: **West Fork Pit** Permit Action: SO2 Permit/Job#: M2005069

PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None
Date: 11/27/2024 County: Garfield Filename: M069-000
User: TJ1

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Rip 12 ac pit floor	RIPPER	1	18.32	$6,307
002	Replace topsoil over affected area	DOZER	1	48.79	$15,692
003	Reveg affected areas	REVEGE	1	24.00	$29,908
004	Initial Mob of reclamation equipment	MOBILIZE	1	7.71	$4,733
005	Secondary Mob of reclamation equipment	MOBILIZE	1	7.71	$2,351
		SUBTOTALS:		**106.53**	**$58,991**

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance:	2.02	Total =	$1,192
Performance bond:	1.05	Total =	$619
Job superintendent:	0.00	Total =	$0
Profit:	10.00	Total =	$5,899
		TOTAL O & P =	$7,710
		CONTRACT AMOUNT (direct + O & P) =	$66,701

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs):	$500	Total =	$500
Engineering work and/or contract/bid preparation:	0.00	Total =	$0
Reclamation management and/or administration:	5.00		$3,335
CONTINGENCY:	3.00	Total =	$1,770
		TOTAL INDIRECT COST =	$13,315
		TOTAL BOND AMOUNT (direct + indirect) =	**$72,306**

BULLDOZER RIPPING WORK

Task description: **Rip 12 ac pit floor**

Site: **West Fork Pit** Permit Action: SO2 Permit/Job#: M2005069

PROJECT IDENTIFICATION

Task #: 001 State: Colorado Abbreviation: None
Date: 11/27/2024 County: Garfield Filename: M069-001
User: TJ1

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D8T - 8SU Horsepower: 310
Ripper Attachment: 3-Shank Ripper Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$173.32	NA
Operating Cost/Hour:	$109.71	100
Ripper Ownership Cost/Hour:	$14.53	NA
Ripper Operating Cost/Hour:	$7.95	100
Operator Cost/Hour:	$38.59	NA
Total Unit Cost/Hour:	$344.10	

Total Fleet Cost/Hour: **$344.10**

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA Bank Volume: NA BCY NA
Area: 12.00 acres Rip Depth (ft): 1.00 Volume: 19,360 BCY or CCY

Source of estimated quantity: Exhibit L

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

Average Ripping Depth: 2.56 feet/pass
Average Ripping Width: 7.08 feet/pass
Average Ripping Length: 250.00 feet/pass
Average Dozer Speed: 88.00 feet/minute
Average Maneuver Time: 0.25 minutes/pass
Production per unit area: 0.789 acres/hour

Job Condition Correction Factors

Unadjusted Hourly Unit Production: 0.789 Acres/hr

Site Altitude: 8,350 feet
Altitude Adj: 1.00 (CAT HB)
Job Efficiency: 0.83 (1 shift/day)
Net Correction: 0.83 multiplier

Adjusted Hourly Unit Production: 0.65 Acres/hr
Adjusted Hourly Fleet Production: **0.65** Acres/hr

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: **18.33** Hours

Unit cost: $525.601 Per acre Total job cost: **$6,307**

BULLDOZER WORK

Task description: **Replace topsoil over affected area**

Site: **West Fork Pit** Permit Action: SO2 Permit/Job#: M2005069

PROJECT IDENTIFICATION

Task #: 002 State: Colorado Abbreviation: None
Date: 11/27/2024 County: Garfield Filename: M069-002
User: TJ1

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D8T - 8SU
Horsepower: 310
Blade Type: Semi-Universal
Attachment: NA
Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$173.32	NA
Operating Cost/Hour:	$109.71	100
Ripper own. Cost/Hour:	$0.00	NA
Ripper op. Cost/Hour:	$0.00	0
Operator Cost/Hour:	$38.59	NA

Total unit Cost/Hour: $321.62
Total Fleet Cost/Hour: **$321.62**

MATERIAL QUANTITIES

Initial Volume: 14,520
Swell factor: 1.000
Loose volume: **14,520** LCY

Source of estimated volume: Exhibit L - 9" over 12 acres
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 250 feet
Unadjusted hourly production: 377.8 LCY/hr

Materials consistency description: Partly consolidated stockpile 1.1

Average push gradient: 0 %
Average site altitude: 8,350 feet

Material weight: 1,600 lbs/LCY

Weight description: Top Soil

Job Condition Correction Factor		Source
Operator Skill:	0.750	(AVG.)
Material consistency:	1.100	(CAT HB)
Dozing method:	1.000	(GEN.)
Visibility:	1.000	(AVG.)

Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(FND-RF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	1.438	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.7877

Adjusted unit production: 297.59 LCY/hr
Adjusted fleet production: **297.59** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $1.081/LCY

Total job time: **48.79** Hours
Total job cost: **$15,692**

REVEGETATION WORK

Task description: **Reveg affected areas**

Site: **West Fork Pit** Permit Action: SO2 Permit/Job#: M2005069

PROJECT IDENTIFICATION

Task #: 003 State: Colorado Abbreviation: None
Date: 11/27/2024 County: Garfield Filename: M069-003
User: TJ1

Agency or organization name: DRMS

FERTILIZING

Materials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
10-34-0, 18-46-0, 5-10-5	200.00	pound	$0.51	$102.32
			Total Fertilizer Materials Cost/Acre	**$102.32**

Application

Description	Cost /Acre
Tractor towed spreader (MEANS 32 01 90.13 0120)	$43.12
Total Fertilizer Application Cost/Acre	**$43.12**

TILLING

Description	Cost /Acre
Disc harrowing, 6" deep (MEANS 32 91 13.23 6100)	$117.61
Total Tilling Cost/Acre	**$117.61**

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Bluebunch Wheatgrass - Secar	3.00	9.64	$31.54
Indian Ricegrass - Native	1.50	4.86	$25.94
Streambank Wheatgrass - Sodar	2.80	9.13	$23.25
Western Wheatgrass - Native	5.60	14.14	$50.43
Sagebrush, Mountain or Big	0.50	26.40	$41.35
Totals Seed Mix	13.40	64.17	**$172.51**

Application

Description	Cost /Acre

Broadcast seeding [DMG]	$272.56
Total Seed Application Cost/Acre	**$272.56**

MULCHING and MISCELLANEOUS

Materials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Herbicide - 2,4D @ 1.0 pt/ac	1.00	ACRE	$4.13	$4.13
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	$492.78	$985.56
Total Mulch Materials Cost/Acre				**$989.69**

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	$85.37
Power mulcher (MEANS 32 91 13.16 0350)	$157.25
Weed spray, hand, non-aquatic areas, ann. [DMG]	$136.48
Total Mulch Application Cost/Acre	**$379.10**

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					$
Totals Nursery Stock Cost / Acre					**$0.00**

JOB TIME AND COST

No. of Acres: 12 Cost /Acre: $2,076.91
Estimated Failure Rate: 20% Cost /Acre*: $2,076.91
*Selected Replanting Work Items: FERTILIZING,TILLING,SEEDING,MULCHING

Initial Job Cost: **$24,922.92**
Reseeding Job Cost: **$4,984.58**
Total Job Cost: **$29,908**
Job Hours: **24.00**

EQUIPMENT MOBILIZATION/DEMOBILIZATION

Task description: **Initial Mob of reclamation equipment**

Site: **West Fork Pit** Permit Action: SO2 Permit/Job#: M2005069

PROJECT IDENTIFICATION

Task #: 004 State: Colorado Abbreviation: None
Date: 11/27/2024 County: Garfield Filename: M069-004
User: TJ1

Agency or organization name: DRMS

EQUIPMENT TRANSPORT RIG COST

Shift basis: 1 per day
Cost Data Source: CRG Data

Truck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED, 400 HP (2ND HALF, 2006)

Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER (25T, 50T, AND 100T)

Cost Breakdown:

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	$10.44	$22.18	$23.94
Operating Cost/Hour:	$26.48	$54.55	$55.65
Operator Cost/Hour:	$22.52	$22.52	$22.52
Helper Cost/Hour:	$0.00	$23.53	$23.53
Total Unit Cost/Hour:	$59.44	$122.78	$125.64

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Cat D8T - 8SU	53.08	$187.85	$125.64	1	$313.49	$125.64	$250.00
Drill/Broadcast Seeder with Tractor	25.00	$41.02	$59.44	1	$100.46	$59.44	$250.00
Power Mulcher (Bowie LD-90)	6.00	$27.21	$59.44	1	$86.65	$59.44	$250.00
Subtotals:					**$500.60**	**$244.52**	**$750.00**

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	$35.84	1	$35.84	$35.84
Subtotals:			**$35.84**	**$35.84**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	RIFLE	
Total one-way travel distance:	50.00	miles
Average Travel Speed:	35.00	mph

Total Non-Roadable Mob/Demob Cost * '* two round trips with haul rig:	$4,630.11
Total Roadable Mob/Demob Cost ** ** one round trip, no haul rig:	$102.40

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.43	1.43
Return Time (Hours):	1.43	1.43
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.86	2.86

JOB TIME AND COST

Total job time:	**7.71**	Hours
Total job cost:	**$4,733**	

EQUIPMENT MOBILIZATION/DEMOBILIZATION

Task description: **Secondary Mob of reclamation equipment**

Site: **West Fork Pit** Permit Action: SO2 Permit/Job#: M2005069

PROJECT IDENTIFICATION

Task #: 005 State: Colorado Abbreviation: None
Date: 11/27/2024 County: Garfield Filename: M069-005
User: TJ1

Agency or organization name: DRMS

EQUIPMENT TRANSPORT RIG COST

Shift basis: 1 per day
Cost Data Source: CRG Data

Truck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED, 400 HP (2ND HALF, 2006)

Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER (25T, 50T, AND 100T)

Cost Breakdown:

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	$10.44	$22.18	$23.94
Operating Cost/Hour:	$26.48	$54.55	$55.65
Operator Cost/Hour:	$22.52	$22.52	$22.52
Helper Cost/Hour:	$0.00	$23.53	$23.53
Total Unit Cost/Hour:	$59.44	$122.78	$125.64

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Drill/Broadcast Seeder with Tractor	25.00	$41.02	$59.44	1	$100.46	$59.44	$250.00
Power Mulcher (Bowie LD-90)	6.00	$27.21	$59.44	1	$86.65	$59.44	$250.00
Subtotals:		**$187.11**			**$118.88**		**$500.00**

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	$35.84	1	$35.84	$35.84
Subtotals:			**$35.84**	**$35.84**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	RIFLE	
Total one-way travel distance:	50.00	miles
Average Travel Speed:	35.00	mph

Total Non-Roadable Mob/Demob Cost * '* two round trips with haul rig:	$2,248.48
Total Roadable Mob/Demob Cost ** ** one round trip, no haul rig:	$102.40

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.43	1.43
Return Time (Hours):	1.43	1.43
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.86	2.86

JOB TIME AND COST

Total job time:	**7.71**	Hours
Total job cost:	**$2,351**	