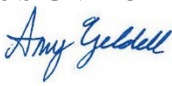




MINERALS PROGRAM INSPECTION REPORT
PHONE: (303) 866-3567

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: Urie Gravel Pit	MINE/PROSPECTING ID#: M-2009-038	MINERAL: Gravel	COUNTY: Rio Blanco
INSPECTION TYPE: Surety-Related Inspection	WEATHER: Clear	INSP. DATE: July 9, 2025	INSP. TIME: 11:00
OPERATOR: Shallenberger Energy LLC	OPERATOR REPRESENTATIVE: Mike Sanford	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Priority	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$91,600.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: DRMS	JOINT INSP. AGENCY: None	
INSPECTOR(S): Amy Yeldell	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 29, 2025	

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>NA</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>N</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>PB</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</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**

CORRECTIVE ACTIONS

INSPECTION TOPIC: Right of Entry

PROBLEM: Failure to maintain legal right of entry per Rule 6.3.7.

CORRECTIVE ACTIONS: The permittee/operator must provide proof of legal right to enter and conduct mining and reclamation operations.

CORRECTIVE ACTION DUE DATE: 9/26/25

INSPECTION TOPIC: Signs & Markers

PROBLEM: The mine identification sign posted at the entrance of the mine site was out of date. 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: 9/26/25

OBSERVATIONS

This inspection was conducted in response to the Succession of Operator request (SO-1) that was approved on June 12, 2025. SO-1 transferred the Permit from Urie Rock Company to Shallenberger Energy LLC. The inspection was conducted by Amy Yeldell of the Colorado Division of Reclamation, Mining and Safety (Division). The Urie Gravel Pit is a 112c permitted site that consists of 30.48 acres. The site is located in Rio Blanco County one and half miles northwest of Rangely, Colorado. The site is accessed from Rio Blanco County Road 46. Amy Yeldell of the Division conducted the inspection. Steve Urie represented Urie Rock Company and is assisting with the transition process. Mike Sanford represented Shallenberger Energy, LLC.

Availability Of Records:

The 2025 Annual Report, Map and Fee are due by August 21, 2025. The current Permittee will need to register for an ePermit ID then complete the report through the Divisions online portal. Information regarding ePermitting can be accessed via: <https://drms.colorado.gov/information/epermitting>

Acid And Toxic Materials:

No fuel or other hazardous debris was observed on site.

Backfilling and Grading:

Phase 1 and 2 have been completely graded and all slopes are a 3H: 1V or less. A berm separates Phase 1 and 2. Another smaller berm is present between phase 2 and 3.

Most slopes within Phase 3 graded to a 3H: 1V or less up till it meets the active highwall. The active highwall is moving to the west then turning southwest. The active highwall is approximately 20 feet high and near vertical with some portions having a working bench mid way. There is some misc. grading to be required around Phase 2 and 3 to blend out some of the berms and stockpiles. As well as decompaction of the road surrounding the lake.

Explosives:

Explosives area not used in conjunction with this mining operation.

Financial Warranty:

The Division currently requires a financial warranty amount of \$91,600 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 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.

Fish and Wildlife:

Several pronghorn were observed in addition to geese on the pond.

Hydrologic Balance:

Excavated pit areas are located below the water table. The Phase 1 pit is no longer being pumped and is now inundated. A dike divides Phase 2 and 3. The western portion (phase 3) is being dewatered into the east side (phase 2) for mining. Water is anticipated to rise 10 feet without pumping.

Gen. Compliance With Mine Plan:

The site was active at the time of the inspection. The site is approved for a maximum disturbance of 15 acres. Slopes while mining are to be at a 2H: 1V to a depth of approximately 18 feet. Only one mining phase is to be mined at a time. To date Phase 1 and 2 mining is complete. The southwest corner of Phase 3 is actively being excavated with mining progressing to the southwest. Phase 3 is also being utilized for processing and stockpile storage. All stockpiles appear to be stable. Processing material on site includes crushing and screening but no washing of material. The crusher is located within Phase 3.

Other:

This site has recently changed hands. As a reminder noted in the Divisions previous 3/2/2016 inspection. "The shale underlying the gravel deposited appeared to be Mancos shale. The Division requires either a minimum of two feet of gravel or water being left overlying the Mancos shale to avoid oxidation. Oxidation of Mancos shale may allow for selenium loading of the water which can be harmful to wildlife. The Operator was not advised of this potential during the application process due to the original application stating that the shale formation underlying the gravel deposit was the Green River formation. This is not seen as a problem at this time but now that the Operator is aware of the potential issue of Mancos shale oxidation future inspections that observe exposed Mancos shale will cite the condition as a possible violation of the Division policy."

The new Permittee is encouraged to review all permitting documents to ensure they remain in compliance throughout mining and into Final Reclamation.

Right of Entry:

According to the Rio Blanco County Accessor website the landowner for the mine has been transferred from Stephane and Elaine Urie (Ure Rock Company) to Urie Holdings, LLC. During the Succession of Operator transfer, the Successive Operator (Shallenberger Energy, LLC) provided an agreement granted by Urie Rock Company to enter the mine, which was valid. The sale of the property makes that agreement invalid. Based on a search from the Colorado Secretary of State the registered agent for Urie Holdings LLC is C T Corporation System. This is the same registered agent as Shallenberger Energy LLC, meaning the companies are likely connected. However, since the sale has taken place the provided agreement is no longer valid and the current operator is no the landowner. This is cited as a problem pursuant to Rule 6.3.7 for failing to maintain Legal Right of Entry (ROE). Please provide a valid ROE by the corrective action date.

Reclamation Success:

The site has a post mining land use of rangeland that includes a combination of a pond and revegetated upland area. Per the Reclamation Plan there will be one pond for a total water surface of 18 ac. If multiple ponds are to remain the Reclamation Plan Map must be revised to reflect current site conditions (as-built) prior to requesting a release. All areas not inundated more than 5 feet shall be revegetated. A minimum of 54 inches of overburden site wide and 6 inches of topsoil shall be replaced on all areas to be revegetated. To date no areas are eligible for release.

Revegetation:

The Phase 1 has been revegetated. Phase 2 does not appear to have been seeded to date though some vegetation has volunteered. Sprinkler irrigation remains around the reclaimed pond areas within Phase 1. Areas adjacent to the water's edge appear to be riparian species with some noxious species such as Tamarisk and Russian Olive. Upland areas have little reclamation success and are primarily Kochia (noxious weed) with very little desirable species. The operator is encouraged to aggressively manage noxious weeds in reclaimed areas to avoid delays in reclamation success and permit release. Per the approved Reclamation Plan "The area will be deemed adequate when the vegetation has been established in order to control erosion and noxious weeds are not present in any significant amounts..."

Subsidence:

No subsidence was observed.

Support Facilities On-site:

Located within Phase 3 is the processing area. This includes the scale, office, and crusher plant. All features are considered temporary.

Signs and Markers:

A mine sign was posted at the entrance to the mine site as required by Rule 3.1.12(1). The information depicted was incorrect/ out of date. This is cited as an inspection problem. Please provide the Division with photo documentation that an updated sign with the current Operators information, permit number and site name has been posted at the entrance to the mine. The permit boundary of the affected land was clearly delineated pursuant to Rule 3.1.12(2).

Topsoil:

From previous discussion it was indicated that no topsoil was salvaged from phase 3 prior to that are being utilized for stockpile storage. Pursuant to Rule 3.1.9, all areas should be stripped of topsoil prior to being utilized. Any topsoil stored for more than 180 day should be stabilized (revegetated) until reapplication. Given the lack of topsoil available for revegetation the site is expected to have a higher rate of revegetation failure. As mining progresses the Operator may wish to consider adding amendments or import topsoil to improve the

chances of reclamation success.

Ten photos are included with this report.

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 970-210-1272 or via email at amy.yeldell@state.co.us

Inspection Contact Address

Mike Sanford
Shallenberger Energy LLC
6819 Highway 491/160
Cortez, CO 81321

Enclosure

CC:
Travis Marshall, Senior EPS, Grand Junction DRMS

PHOTOGRAPHS











Photo 9: Phase 3 overview of mining area



Photo 10: Active highwall now in phase 3