




COLORADO DIVISION OF RECLAMATION, MINING AND SAFETY
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: South D-20 Pit	MINE/PROSPECTING ID#: M-1992-102	MINERAL: Sand and gravel	COUNTY: Montrose
INSPECTION TYPE: Surety-Related Inspection	INSPECTOR(S): G. Russell Means	INSP. DATE: June 4, 2012	INSP. TIME: 10:00
OPERATOR: Western Gravel, Inc.	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Priority	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$101,175.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: June 4, 2012

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

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

OBSERVATIONS

This inspection was conducted as part of final enforcement action assessment by the Colorado Division of Reclamation, Mining, and Safety (Division) for failure to maintain a reclamation bond in good standing. The South D-20 Pit is a 112c permit, south of Montrose, Colorado. No Western Gravel's representative accompanied the inspector on site. This inspection is to note conditions of the site on June 4th, 2012 to estimate the final reclamation liability should a replacement bond be submitted or the current reclamation bond be forfeited during the July 2012 MLRB hearing.

Recap:

The Mined Land Reclamation Board signed an enforcement order on November 25, 2011 noting the permit was subject to revocation and the bond could be forfeited for failure to post a financial warranty replacement. A cease and desist order was issued for all activities except for Division approved reclamation and or environmental protection actions. Western Gravel sought and was granted permission to do reclamation per the approved plan to reduce the overall liability. The stipulation being that topsoil could not be handled if saturated by precipitation or frozen. All activities were to be completed and equipment moved off site by 5:00 pm January 31, 2012. Western Gravel complied with those stipulations and on January 31, 2012 the Division inspection noted all equipment was gone and earthwork, minus topsoiling was completed.

On February 1, 2012 the Division agreed to re-scheduling of a revocation and forfeiture board hearing to March so that Western Gravel could negotiate with Washington International, the Surety Company possible terms for finishing reclamation or posting of a new bond by February 27th, 2012. Both sides submitted an agreement on that date whereby Western Gravel agreed to complete reclamation. Per the acceptance of the agreement the Division granted Western Gravel until June 1, 2012 to complete all reclamation tasks and postponed the final MLRB revocation and forfeiture hearing to July 11, 2012. Noted by the Division should all reclamation be complete and a smaller bond posted the final revocation and forfeiture could be avoided.

Per the January 31st, 2012 photo documentation shows all highwalls were backfilled, and other material removed or utilized in the reclamation with the exception of one pile for the landowner which will be discussed below. The reclamation plan calls for 4:1 slopes which is less than the usual 3:1. All slopes are established at 3.5 to 5:1 which is within normal tolerances. Slopes were established in a natural looking way to match surrounding topography. Original plans called for the east side to daylight out at the mesa edge. However, disturbances never reached that point. The operator sloped the inside to 4:1 which creates a natural looking dish for the site as well as some stormwater control. This technique also prevented off site disturbance from materials being pushed or rolled down slope to unpermitted areas. The outlying undisturbed slopes are well vegetated with native grasses and shrubs with no visible signs of erosion or sedimentation issues.

The overburden and processed materials stockpiled were used to backfill highwalls and establish slopes. Topsoil was noted in 5 or 6 stockpiles scattered throughout the pit area. The topsoil has now been distributed across the site. Depths vary but are within the accepted range of the approved reclamation permit

The pit floor is relatively smooth. There is some volunteer vegetation along established collector ditches and low lying areas mostly grasses. Volunteer willows and a few cottonwood seedlings were observed along the western fence line as well.

As before, the inspector has noted that there is one stockpile of processed materials left on site at the southern edge of the pit floor. This material is the property of the landowner and will be left for their use upon final reclamation.

All operator equipment and materials have been removed as required. The inspector notes that pipe and other materials belonging to the landowner are staged at the far north end of the site just past the pit disturbance. An access road swings around the west side of the permit boundary to this area which is to remain.

Current Site Conditions, June 4, 2012:

The inspector notes again all earth work with the exception of several deep tire ruts in the northwest corner of the pit area that will be required to be filled in. The ruts may be repaired at a later date as they do not pose an imminent problem for erosion.

Pictures submitted by the operator on June 1st, 2012 are noted as being taken on May 19, 2012. For the record the Division received phone calls from Western Gravel's Shauna Hovey and Judy DeVincentis respectively on the last week of April and the second week of May regarding the requirements to reclaim by June 1st. It appears revegetation efforts took place sometime after the mid-May phone call with Ms. DeVincentis.

Most notable was the lack of mulch on site at that time of the June 19 pictures. It appears that mulch was distributed sometime in the last two weeks. The approved reclamation plan submitted by the operator clearly calls for mulch to be crimped in upon installation. It appears this task was not done. Photo documentation attached to this report clearly shows mulch is not evenly distributed in an acceptable manner. An estimated 5 acres has no mulch whatsoever while some 5 to 6 acres of pit floor have over 6 inches. Both conditions, thin and thick, are non-productive for reclamation. Therefore, an estimated 20% of mulching needs to be redone.

The inspector looked closely for seeding indications. In several areas where mulch appeared to be distributed correctly, while not crimped, seed heads were readily visible. It does not appear that any type of topsoil disc harrowing or fertilization occurred as required by the approved reclamation plan. In other areas, close inspection on hands and knees noted no observable seed application whatsoever.

The inspector observed knapweed on the east and west fringes of the permit. Bindweed was observed throughout the site including some mulched areas. Hoary Whitecrest was observed along the west edge as well. The monitoring and spraying of these weeds will be required until full release of the site.

Overall the earthwork is 100% complete. However, revegetation tasks stand at approximately 80% complete. The estimate of \$20,605.00 for final reclamation noted in February 2012 was based on 100% completion. Therefore the final estimate will be calculated to note the above tasks that need to be completed to gain 100% compliance as well as the secondary seeding tasks.

If you need additional information please contact me at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 S. 3rd St., Suite 301, Grand Junction, Colorado 81501, by telephone at 970.241.1117, or by e-mail at russ.means@state.co.us.

Inspection Contact Address

Judy DeVincentis
Western Gravel, Inc.
3001 N. Townsend Ave.
Montrose, CO 81401

Enclosure: Final Reclamation Liability Estimate as of June 4, 2012

CC: Washington International, Douglas Colville



