




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.

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| MINE NAME: River Valley Resource | MINE/PROSPECTING ID#: M-2001-090 | MINERAL: Sand and gravel | COUNTY: Routt |
| INSPECTION TYPE: Preoperation Inspection | INSPECTOR(S): Dustin M. Czapla | INSP. DATE: July 11, 2012 | INSP. TIME: 08:00 |
| OPERATOR: Alpine Aggregates, LLC | OPERATOR REPRESENTATIVE: Ed MacArthur | TYPE OF OPERATION: 112c - Construction Regular Operation | |

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| REASON FOR INSPECTION: Normal I&E Program | BOND CALCULATION TYPE: None | BOND AMOUNT: \$270,700.00 |
| DATE OF COMPLAINT: NA | POST INSP. CONTACTS: None | JOINT INSP. AGENCY: None |
| WEATHER: Clear | INSPECTOR'S SIGNATURE:  | SIGNATURE DATE: July 13, 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.

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| (AR) RECORDS----- <u>Y</u> | (FN) FINANCIAL WARRANTY----- <u>N</u> | (RD) ROADS----- <u>N</u> |
| (HB) HYDROLOGIC BALANCE----- <u>N</u> | (BG) BACKFILL & GRADING----- <u>N</u> | (EX) EXPLOSIVES----- <u>N</u> |
| (PW) PROCESSING WASTE/TAILING---- <u>N</u> | (SF) PROCESSING FACILITIES----- <u>N</u> | (TS) TOPSOIL----- <u>N</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>Y</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>N</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 pre-operation inspection was conducted as part of the Division of Reclamation, Mining and Safety's (Division) amendment application review process. John Weaver, representing the Operator, was present during this inspection. Photographs are included with this report in order to illustrate some of the conditions observed during this inspection.

The River Valley Resource site is located approximately 7.5 miles south of Steamboat Springs and accessed from Hwy 131. The site is a 112c operation that includes a total of 128 permitted acres. The site was originally permitted in July, 2003. To date, no mining activity has taken place at the site. The current operator assumed the permit in March, 2011. The Division currently holds a financial warranty amount of \$270,700.00 for this site. The Operator submitted an amendment application (AM2) on May 4, 2012. As part of the AM2 review process, the amount of required Financial Warranty will be reviewed in order to ensure the amount remains adequate to reclaim the site per the requirements of the approved Reclamation Plan.

The Operator's intent, through AM2, is to remove a portion of the permitted area from the south side of the property, and to amend the mining and reclamation plans. The land currently consists of relatively flat hay fields. Structures not already identified in the AM2 application package were not noted during this inspection. The Yampa River bypass was dry during this inspection. Additional adequacy issues were not identified during this inspection.

Notice of the proposed operation was posted at the entrance to the mine site.

The proposed permit area was marked by survey lathe and t-posts that were clearly visible.

No problems or violations were noted during this inspection.

Responses to this inspection report should be directed to Dustin Czapla at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

PHOTOGRAPHS



Figure 1: View from the southwest part of the AM2 area, towards the southeast.



Figure 2: View from the southwest part of the AM2 area, towards the northwest.



Figure 3: View from the southwest part of the AM2 area, towards the north.



Figure 4: View from the northeast corner of the AM2 area, towards the southwest.



Figure 5: View from the Phase 3-4 area, south towards the Phase 1 process area.



Figure 6: Yampa River bypass near the Phase 4 area.

Inspection Contact Address

Ed MacArthur
Alpine Aggregates, LLC
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Steamboat Springs, CO
80487

Enclosure

CC: