




**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.

<b>MINE NAME:</b> Sea Horse Ranch West Gravel Pit	<b>MINE/PROSPECTING ID#:</b> M-2001-113	<b>MINERAL:</b> Sand and Gravel	<b>COUNTY:</b> Gunnison
<b>INSPECTION TYPE:</b> Monitoring	<b>INSPECTOR(S):</b> Dustin M. Czapla	<b>INSP. DATE:</b> September 15, 2012	<b>INSP. TIME:</b> 11:00
<b>OPERATOR:</b> Varra Companies, Inc.	<b>OPERATOR REPRESENTATIVE:</b> Jason Burkey	<b>TYPE OF OPERATION:</b> 112c - Construction Regular Operation	

<b>REASON FOR INSPECTION:</b> Normal I&E Program	<b>BOND CALCULATION TYPE:</b> Complete Bond	<b>BOND AMOUNT:</b> \$29,804.00
<b>DATE OF COMPLAINT:</b> NA	<b>POST INSP. CONTACTS:</b> None	<b>JOINT INSP. AGENCY:</b> None
<b>WEATHER:</b> Clear	<b>INSPECTOR'S SIGNATURE:</b> 	<b>SIGNATURE DATE:</b> September 4, 2012

**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:** Financial Warranty

**PROBLEM/POSSIBLE VIOLATION:** The financial warranty is not adequate to reclaim the site in accordance with the approved reclamation plan. This is a failure to maintain the proper financial warranty amount pursuant to C.R.S. 34-32.5-117(4)(b) of the Act.

**CORRECTIVE ACTIONS:** The operator shall submit adequate financial warranty, as determined by the Division. The Division will be sending a separate surety increase notice to the operator regarding the increase of the financial warranty. The operator will have 60 days from the date on the surety increase notice to post the additional financial warranty.

**CORRECTIVE ACTION DUE DATE:** 11/05/12

### **OBSERVATIONS**

This inspection was conducted as part of the Division of Reclamation, Mining and Safety's (Division) normal monitoring program. The permit for this site is held by Varra Companies, Inc. The site is operated by United Companies. Jason Burkey and Brent Kerr, representing United Companies, were present during this inspection. A representative from Varra Companies, Inc. was not present. Photographs are included with this report in order to illustrate some of the conditions observed.

The Sea Horse Ranch West Gravel Pit is located approximately 3.5 miles southeast of Gunnison and accessed from Industrial Park Road. The site is a 112c operation that includes a total of 40 permitted acres. The Division currently holds a financial warranty amount of \$29,804.00 for this site. This amount was determined in 2002, based on disturbance of the Phase 1 area only. Based on observations made during this inspection, nearly all of the permitted area has been disturbed by the operation. The Division has reviewed the reclamation costs, in order to ensure the financial warranty reflects the actual current cost of fulfilling the requirements of the Reclamation Plan, and determined that the current financial warranty amount is insufficient. The Operator will be notified under separate cover of a financial warranty increase.

Adequate mine identification signage was noted at the entrance to the site.

The affected area was marked by fencing and landmarks that were adequate to delineate the affected area boundary.

The pit was dewatered and active mining/crushing was occurring during this inspection. Nearly all of the permitted area has been stripped of topsoil and overburden, and has been affected by the mining operation. The highwalls on the west and south sides of the pit are near the permit boundaries, but appeared stable. The highwalls have been mined at approximately 1.5H:1V slopes. Backfilling the slopes to 3H:1V will be required pursuant to the approved reclamation plan. Crushing operations were occurring in the central part of the permit area. Material stockpiles were primarily located east of the crushing area.

Noxious weed infestations were not noted at the site.

No other 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 3<sup>rd</sup> Street, Room 301, Grand Junction, Colorado 81501, phone number (970) 243-6299.

## PHOTOGRAPHS

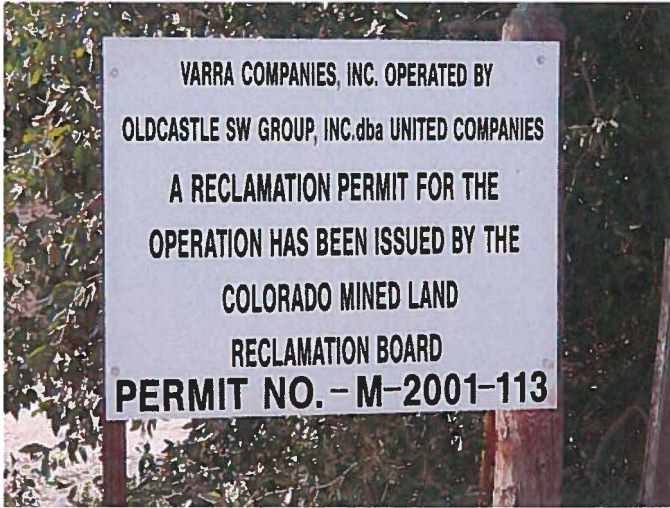


Figure 1: Mine identification sign located at northwest entrance to site.



Figure 2: View from north-central part of site, facing west.



Figure 3: View from north-central part of site, facing southwest.



Figure 4: View from north-central part of site, facing east.

### GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>PB</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>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</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>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	(ST) STIPULATIONS----- <u>NA</u>

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

### Inspection Contact Address

Christopher Varra  
8120 Gage Street  
Fredrick, CO 80516

Enclosure

CC: Jason Burkey, United Companies