




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: Jesse Lee	MINE/PROSPECTING ID#: M-1984-043	MINERAL: Sand and gravel	COUNTY: Chaffee
INSPECTION TYPE: Monitoring	INSPECTOR(S): Dustin M. Czapla	INSP. DATE: September 26, 2012	INSP. TIME: 08:30
OPERATOR: Pelino, Inc.	OPERATOR REPRESENTATIVE: Scott Pelino	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$52,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: September 28, 2012

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. Note: 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>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>N</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>Y</u>	(RV) REVEGETATION---- <u>Y</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>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 the Division of Reclamation, Mining and Safety's (Division) normal monitoring program. Scott Pelino, representing the Operator, was present during this inspection. Photographs are included with this report in order to illustrate some of the conditions observed.

The Jesse Lee site is located approximately 3.5 miles south of Buena Vista and accessed from Hwy 285. The site is a 112c operation that includes a total of 16.4 permitted acres. The Division currently holds a financial warranty amount of \$52,000.00 for this site. The Division will review the reclamation costs in order to ensure the financial warranty reflects the actual current cost of fulfilling the requirements of the Reclamation Plan. The Operator will be notified under separate cover if the Division determines that the current financial warranty amount is insufficient.

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

The affected area was marked by fencing that was clearly visible and adequate to delineate the affected area boundary.

The west portion of the permit area contains the scale and scale house, various materials stockpiles, and miscellaneous debris. This area is a level bench located above the pit area. The active mining/operating area is located in the east portion of the permit area. Mining is progressing west. The pit floor is relatively level and is located beneath the static groundwater table. However, groundwater is not impounded in the pit due to a diversion ditch redirecting the water, that seeps through the highwall at several locations, into sediment ponds to the south, and ultimately into the Arkansas River. The south portion of the permitted area appeared to be reclaimed with vegetation well established.

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: Upper bench area located in the west portion of the permit area.

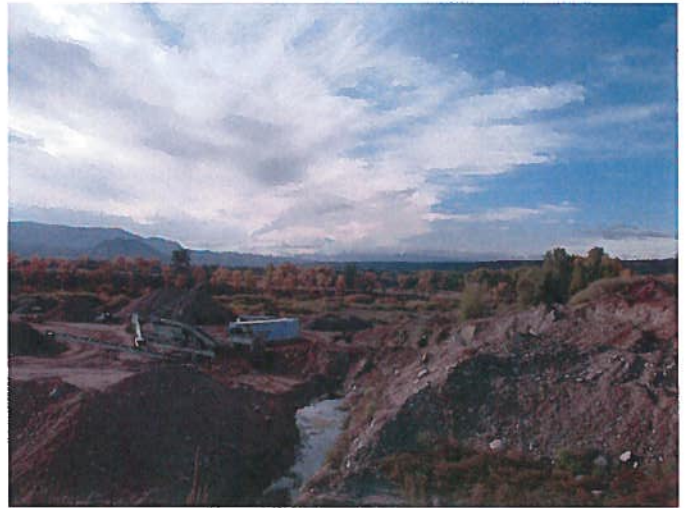


Figure 2: View from the bench area down toward the pit, facing south.

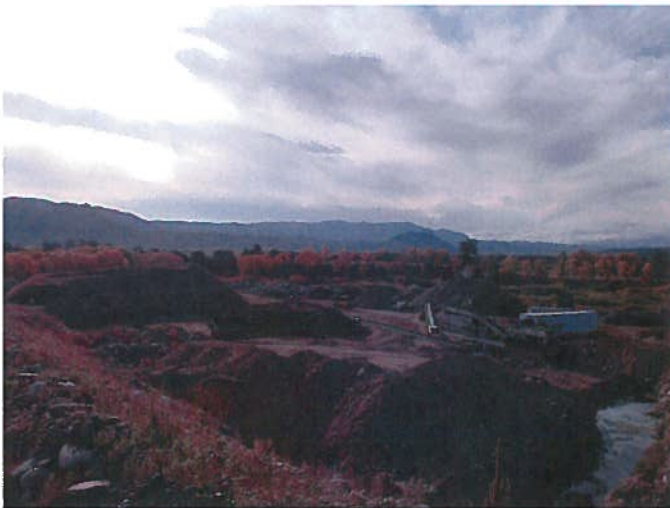


Figure 3: View from the bench area down toward the pit, facing southwest.



Figure 4: View toward the west highwall. The diversion ditch at the base of the highwall redirects water from the seeps off site.



Figure 5: View of the reclaimed south portion of the permit area.



Figure 6: View of the reclaimed south portion of the permit area.

Inspection Contact Address

Scott Pelino
Pelino, Inc.
P.O. Box 5049
Buena Vista, CO 81211