



VALCO, INC.
CORPORATE OFFICE
12753 S Parker Road,
Suite # 203
Parker, CO 80134
(303) 248-3590

October 23, 2012

Ms. T. J. Wait
Environmental Protection Specialist
Division of Reclamation, Mining and Safety
1313 Sherman St., Room 215
Denver, CO 80203

Re: Permit # M-1981-132 Lamar West Pit, Notice of Temporary Cession

Dear Ms. Wait:

Please accept this letter as Valco, Inc.'s notice of Temporary Cession for the referenced permit.

- The pit has not been operated since sometime before 1985.
- There are significant aggregate reserves remaining on the property, however, there are no immediate plans to begin excavation.
- The site is for all practical purposes reclaimed.
- The current bond is more than adequate.

I have enclosed a copy of the inspection report done October 19, 2011 for your information.

Also enclosed is the required \$144.00 fee.

Please contact me with any questions @719-469-0840.

Sincerely,
Valco, Inc.

Thomas E. Brubaker
President



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: Lamar West Pit	MINE/PROSPECTING ID#: M-1981-132	MINERAL: Sand and gravel	COUNTY: Prowers
INSPECTION TYPE: Monitoring	INSPECTOR(S): Jared L. Ebert	INSP. DATE: October 19, 2011	INSP. TIME: 17:20
OPERATOR: Valco Lamar Concrete Division	OPERATOR REPRESENTATIVE: None	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$7,160.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: <i>[Signature]</i>	SIGNATURE DATE: October 19, 2011

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>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>Y</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</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>Y</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>Y</u>	(OD) OFF-SITE DAMAGE----- <u>Y</u>	(ST) STIPULATIONS----- <u>Y</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 was a normal monitoring inspection of the Lamar West Pit; DRMS File No. M-1981-132 operated by Valco, Inc. This site is located on the northwest side of Lamar, Colorado in Prowers County. I, Jared Ebert of the Colorado Division of Reclamation Mining and Safety conducted the inspection. Mr. Tom Brubaker of Valco, Inc. was aware of the inspection but was unable to accompany me.

There appears to be a discrepancy in the Division inspection reports in the file for this operation. The last few inspections indicate that mining had not been initiated at this site. However, two inspection reports filed, one in 1985 and one in 1992 indicate a small two or three acre pit had been excavated. The entire site was walked and it appears the majority of the area has never been affected. However, within the center of the site a small pit was observed. Overall, it appears this excavation has been reclaimed, the slopes have been regarded and vegetation has established throughout the pit. Water was not observed at the base of the excavation; however wetland vegetation has established throughout the bottom of the pit indicating the base of the pit is near the water table.

The rest of the site does not appear to have been affected by the mining operation.

PHOTOGRAPHS



From the southeast corner of the site looking north.



From the southeast corner of the pit looking west.



From the southern end of the site looking northwest.



From the east end of the pit looking west.



From the southeast corner of the pit looking northwest.



From the north end of the pit looking north.

Inspection Contact Address

Tom Brubaker
Valco Lamar Concrete Division
12753 S. Parker Rd.
Parker, CO 80134

CC: Tom Kaldenbach, DRMS