




**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: Memphis Site	MINE/PROSPECTING ID#: M-1997-084	MINERAL: Aggregate	COUNTY: Ouray
INSPECTION TYPE: Multi Person Inspection	INSPECTOR(S): Wallace H. Erickson & G. Russell Means	INSP. DATE: November 8, 2012	INSP. TIME: 13:00
OPERATOR: Horizon Ranch, LLP	OPERATOR REPRESENTATIVE: None present	TYPE OF OPERATION: 110c - Construction Limited Impact	
REASON FOR INSPECTION: Surety Related	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$1,053.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Cloudy	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 20, 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>Y</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>NA</u>	(SF) PROCESSING FACILITIES----- <u>NA</u>	(TS) TOPSOIL----- <u>N</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>Y</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>NA</u>	(SC) EROSION/SEDIMENTATION--- <u>Y</u>	(RS) RECL PLAN/COMP-- <u>Y</u>
(AT) ACID OR TOXIC MATERIALS----- <u>NA</u>	(OD) OFF-SITE DAMAGE----- <u>Y</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

OBSERVATIONS

This inspection occurred as part of the Division's monitoring program of permitted operations and as follow up to the previous inspection occurring on August 29, 2012. In the inspection report generated from the August 29, 2012 inspection, the Division identified two problems; one regarding an increase in the amount of financial warranty and the second regarding Temporary Cessation, both with corrective action deadlines of November 5, 2012. By written notice dated October 23, 2012, received October 29, 2012, the Operator informed the Division of his intent to advance the site towards final reclamation and thereby render the existing financial warranty sufficient. On October 29, 2012, the Division also received a written response to the issue of Temporary Cessation. This report is accompanied by an updated reclamation cost estimation totaling \$1,068.17, and two photos.

As indicated by the Operator, affected lands had been graded to a stable configuration which blended with the natural topography of the surrounding lands. Evidence of slumping, sliding or excessive erosion was not observed. The Operator also indicated application of the reclamation seed mix. However, the seed has not yet had time to germinate and establish an appropriate vegetative cover. The Division must hold sufficient financial warranty to ensure completion of reclamation, including the establishment of an appropriate vegetative cover. Based on the recent advance in reclamation completed by the Operator the Division has reevaluated the current cost of reclamation totaling \$1,068.17. Please find enclosed five pages of summary and task sheets utilized by the Division to calculate the current cost of reclamation. Therefore, the Division has determined the existing financial warranty, in the amount of \$1,053, to be sufficient to ensure the completion of reclamation and has withdrawn its previous notice to increase the financial warranty.

The recent site activity has reactivated the mining operation and the permit status has changed from Temporary Cessation to Active. Please note, whenever an Operator reactivates the mining activity the 5-year clock for the initial period of temporary cessation resets and all timeframes begin anew. Therefore, the request for 5-year extension of Temporary Cessation, dated October 23, 2012, and received October 29, 2012, appears not necessary. If the Operator desires to revise the permit status from Active to Temporary Cessation, and now enter the initial 5-year period of cessation, please submit the appropriate filing fee of \$144, and specify the date on which mining activity ceased and the permit status entered Temporary Cessation. Please review Rule 1.13, available on the Division's web site, www.mining.state.co.us.

Response to this inspection report should be addressed to Wally Erickson at the Division's office in Durango at 691 County Road 233, Suite A-2, Durango, CO 81301, phone (970) 247-5469, email at wally.erickson@state.co.us.

Inspection Contact Address

Reef Gillum
Horizon Ranch, LLP
P.O. Box 190
Forney, TX 75126

Enclosure: Reclamation cost estimation dated November 11, 2012, and totaling \$1,068.17; and
Two photos

cc w/enclosure: Russ Means, DRMS GJFO

COST SUMMARY WORK

Task description: Summary of tasks and associated cost

Site: Memphis Permit Action: Follow up bond assessment Permit/Job#: M1997084

PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None
Date: 11/20/2012 County: Ouray Filename: M084-000
User: WHE

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Revegetate 0.4 acre affected lands	REVEGE	1	0.00	\$861.30
002	Haul reclamation equipment to and from job site	MOBILIZE	1	0.10	\$3.41
<u>SUBTOTALS:</u>				0.1	\$ \$864.71

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance:	2.02	Total =	\$17.47
Performance bond:	1.05	Total =	\$9.08
Job superintendent:	0.00	Total =	\$0.00
Profit:	10.00	Total =	\$86.47
		TOTAL O & P =	\$113.02
		CONTRACT AMOUNT (direct + O & P) =	\$977.73

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs):	0.00	Total =	0.00
Engineering work and/or contract/bid preparation:	4.25	Total =	\$41.55
Reclamation management and/or administration:	5.00		\$48.89

CONTINGENCY: 0.00 Total = \$0.00

TOTAL INDIRECT COST = \$203.46

TOTAL BOND AMOUNT (direct + indirect) = \$1,068.17

REVEGETATION WORKTask description: Revegetate 0.4 acre affected landsSite: MemphisPermit Action: Follow up bond
assessmentPermit/Job#: M1997084PROJECT IDENTIFICATIONTask #: 001State: ColoradoAbbreviation: NoneDate: 11/20/2012County: OurayFilename: M084-001User: WHEAgency or organization name: DRMSFERTILIZINGMaterials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
			Total Fertilizer Materials Cost/Acre	\$0.00

Application

Description	Cost /Acre
	\$
Total Fertilizer Application Cost/Acre	\$0.00

TILLING

Description	Cost /Acre
Hand raking (MEANS 32 91 13.23 0250)	\$1,197.90
Total Tilling Cost/Acre	\$1,197.90

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Mountain Brome - Bromar	16.00	25.71	\$53.28
Ryegrass, Perennial - Belramo	3.00	17.01	\$4.05
Slender Wheatgrass - Pryor	4.00	14.60	\$12.08
Sainfoin - Eski	10.00	4.36	\$24.60
Western Wheatgrass - Arriba	6.00	15.15	\$21.60
Totals Seed Mix	39.00	76.84	\$115.61

Application

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Description	Cost /Acre
Broadcast seeding [DMG]	\$255.76
Total Seed Application Cost/Acre	\$255.76

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Herbicide - Curtail @ 4.0 pt/ac	1.00	ACRE	\$15.90	\$15.90
Total Mulch Materials Cost/Acre				\$15.90

Application

Description	Cost /Acre
Weed spray, hand, non-aquatic area, nox. [DMG]	\$175.77
Total Mulch Application Cost/Acre	\$175.77

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres:	0.4	Cost /Acre:	\$1,760.94
Estimated Failure Rate:	25%	Cost /Acre*:	\$1,569.27
*Selected Replanting Work Items:	TILLING, SEEDING		
Initial Job Cost:	\$704.38		
Reseeding Job Cost:	\$156.93		
Total Job Cost:	\$861.30		
Job Hours:	0.00		

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Haul reclamation equipment to and from job siteSite: MemphisPermit Action: Follow up bond
assessmentPermit/Job#: M1997084PROJECT IDENTIFICATIONTask #: 002State: ColoradoAbbreviation: NoneDate: 11/20/2012County: OurayFilename: M084-002User: WHEAgency or organization name: DRMSEQUIPMENT TRANSPORT RIG COSTShift basis: 1 per day
Cost Data Source: CRG DataTruck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER
(25T, 50T, AND 100T)Cost Breakdown:

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Subtotals:					\$0.00	\$0.00	\$0.00

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$34.08	1	\$34.08	\$34.08
Subtotals:			\$34.08	\$34.08

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	OURAY	
Total one-way travel distance:	1.50	miles
Average Travel Speed:	30.00	mph

Total Non-Roadable Mob/Demob Cost *	\$0.00
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$3.41
** one round trip, no haul rig:	

Transportation Cycle Time:

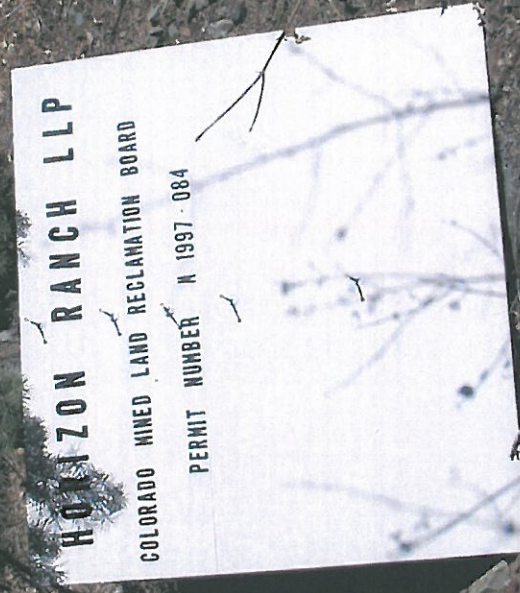
	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.05	0.05
Return Time (Hours):	0.05	0.05
Loading Time (Hours):	0.00	NA
Unloading Time (Hours):	0.00	NA
Subtotals:	0.10	0.10

JOB TIME AND COST

Total job time:	0.10	Hours
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Total job cost:	\$3.41
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Memphis Site
M-1997-084
October 8, 2012



Mine identification sign had been relocated, as compared to its location during the August 29, 2012 inspection, to more appropriately identify the entrance to the mine site, as required under Rule 3.1.12(1).

Memphis Site
M-1997-084
October 8, 2012



Affected lands had been graded to stable slopes which blended with the natural topography of the adjacent lands.