STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215 Denver, Colorado 80203 Phone: (303) 866-3567 FAX: (303) 832-8106

March 22, 2013

Southway Construction Company, Inc. Roy Burtraw 117 White Pine Drive Alamosa, CO 81101

COLORADO DIVISION OF RECLAMATION MINING —&— SAFETY

John W. Hickenlooper Governor

Mike King Executive Director

Loretta E. Piñeda Director

RE: Status of Corrective Actions, Costilla Pit, Permit No. M-1987-040

Dear Mr. Burtraw:

On March 22, 2013, the Division received response to its inspection report generated from the January 23, 2013, inspection of the Costilla Pit. The inspection report was signed on February 4, 2013. The response, submitted by L.J. Development on behalf of Southway and dated March 20, 2013, provided maps with a clearly delineated permit boundary and photographic evidence of newly placed permit boundary markers.

The Division has accepted the maps provided by L.J. Development. Therefore, Southway has complied with the correction actions of the inspection report, regarding markers and maps, as well as the Division's correspondence dated February 22, 2013, regarding maps errors for the annual report. Thank you for complying with the Division's corrective actions in a timely manner.

Please note there remains one outstanding correction action of the inspection report regarding a notice to increase the financial warranty. As noticed in the inspection report the financial warranty must in increased to an amount not less than \$40,354.07 by April 5, 2013, OR by April 5, 2013 Southway must complete portions of the approved reclamation plan sufficient to render the existing \$16,942 financial warranty adequate.

Please contact me at the Division's office in Durango at 691 County Road 233, Suite A-2, Durango, CO 81301, phone (970) 247-5469, if you have any questions.

Sincerely

Wallace H. Erickson Environmental Protection Specialist

ec: Joe Gagliano, L.J. Development, Inc. Russ Means, DRMS GJFO