

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
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July 29, 2013

Sandy Lowell
Roaring Fork Resources, Inc.
P.O. Box 1533
Glenwood Springs, CO 81602

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

**Re: Union Carbide Gravel Pit , Permit No. M-1982-010, Financial Warranty Release Denial,
Revision No. SL-01**

Dear Mr. Lowell

On June 4, 2013 the Division of Reclamation, Mining and Safety considered your request for a financial warranty release. The Division found that there is no record of an approved water augmentation plan with the Office of the State Engineer at this site and denied this request. Please review the attached inspection report for the specific reasons for the financial warranty release denial. I also encourage to monitor the site if additional seeding is necessary and to conduct weed control to enhance native vegetation establishment.

If you have any questions, please contact me.

Sincerely,

Stephanie Mitchell
Environmental Protection Specialist

Enclosure: Inspection Report


ec: Russ Means, DRMS
cc: Jason Smith, Umetco Minerals Corporation



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: Union Carbide Gravel Pit	MINE/PROSPECTING ID#: M-1982-010	MINERAL: Sand and gravel	COUNTY: Garfield
INSPECTION TYPE: Surety Release Inspection	INSPECTOR(S): Stephanie J. Mitchell	INSP. DATE: June 4, 2013	INSP. TIME: 09:00
OPERATOR: Roaring Fork Resources, Inc.	OPERATOR REPRESENTATIVE: Sandy Lowell	TYPE OF OPERATION: 112c - Construction Regular Operation	

REASON FOR INSPECTION: Surety Release Requested	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$60,000.00
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: July 29, 2013

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: Permit Stipulations

PROBLEM/POSSIBLE VIOLATION: Problem: The Division has no evidence that the operator has a valid well permit, substitute water supply plan, or approved water augmentation plan for the exposed groundwater at the site. This is a problem related to 34-32.5-116(4)(h) of the Colorado Revised Statutes and 3.1.6(1)(a) of the Construction Materials Rules and Regulations governing injury to existing water rights.

CORRECTIVE ACTIONS: The operator shall demonstrate that the operation is in compliance with the Office of the State Engineer, show evidence that the operator is taking measures to bring the site into compliance with the SEO, or backfill the pits to at least two feet above the groundwater surface by the corrective action date specified.

CORRECTIVE ACTION DUE DATE: 8/01/14

OBSERVATIONS

This inspection was conducted as part of the normal program established by the Colorado Division of Reclamation, Mining and Safety. The Union Carbide Pit is located approximately 2 miles west of Rifle, Colorado in Garfield County. The site is a 112c operation with 81.8 permitted acres.

The pit is currently not active and in final reclamation. The purpose of the inspection was to observe the reclamation success and determine if the April 17, 2013 request for complete release of the reclamation permit was approvable. The site was graded exceptionally well and the reclaimed slopes tie into the adjacent undisturbed slopes in a very natural looking way. All reclaimed slopes appear to be no steeper than the required 3H:1V. The Operator is encouraged to monitor the site to see if additional seeding is necessary and to conduct weed control to enhance native vegetation establishment.

At this time a complete request cannot be approved until a permanent water augmentation plan and permit is approved for complete reclamation liability release. The operator shall demonstrate that the operation is in compliance with the Office of the State Engineer, show evidence that the operator is taking measures to bring the site into compliance with the SEO, or backfill the pits to at least two feet above the groundwater surface by the corrective action date of August 1, 2014.

Photos that show the conditions observed during the inspection are included at the end of this report.

Responses to this inspection report should be directed to Stephanie Mitchell at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 South 3rd Street, Room 301, Grand Junction, Colorado 81501, phone no. 970-242.5025.

PHOTOGRAPHS



Looking South



Looking North



Looking West



Approved berm on west side of site. Tamarisk not living





Overall Site, looking East

GENERAL INSPECTION TOPICS

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

(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>N</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>NA</u>	(SB) COMPLETE INSP---- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</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>PB</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

Sandy Lowell
Roaring Fork Resources, Inc.
P.O. Box 1533
Glenwood Springs, CO 81602

Enclosure- SL Cover Letter

CC: Jason Smith- Umetco