



State of Utah

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Department of Natural Resources
Division of Oil, Gas and Mining

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Executive Director

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Division Director

**Minerals Regulatory Program
Inspection Report**

Mine Name: TMM ASPHALT RIDGE	Inspection Date: May 18, 2021 12:23 PM
Permit Number: M0470089	Lead Inspector: April Abate
Mine Status: Active	Secondary Inspector(s):
Operator: PETROTEQ ENERGY	Prior Inspection: December 10, 2020
Attendee(s): Gabriel Miranda, Valkor, John Potter, TomCo.	Permit Fees: Paid 01/27/21
Weather: Sunny	Bond Amount: \$385,672
Reviewed By: Paul Baker	Bond Escalation: 5/30/2019
Inspection Purpose: Follow Up from Enforcement	
Conclusions and Recommendations: Oil sand stockpiles from an off-site source were observed on the permit area. Sand end-product stockpile also was observed. These stockpiles will need to be accounted for in the updated NOI and included in the bond calculations.	

Elements of Inspection

1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
Permit fee for 2020 was submitted. Annual report was not submitted	
2. Public Safety (shafts, adits, trash, signs, highwalls)	<input type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
3. Protection of Drainages/Erosion Control	<input type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
4. Deleterious Material	<input checked="" type="checkbox"/> Evaluated & Commented <input checked="" type="checkbox"/> Enforcement
The plant has produced a small amount of sand that is stockpiled on the west side of the permit area. This sand represents the end-product of the process. According to the operator, the sand contains just 2% hydrocarbons. This sand is combination of oil sands from both the pit here and from a different pit further north. Additional data is needed to determine if this material is	

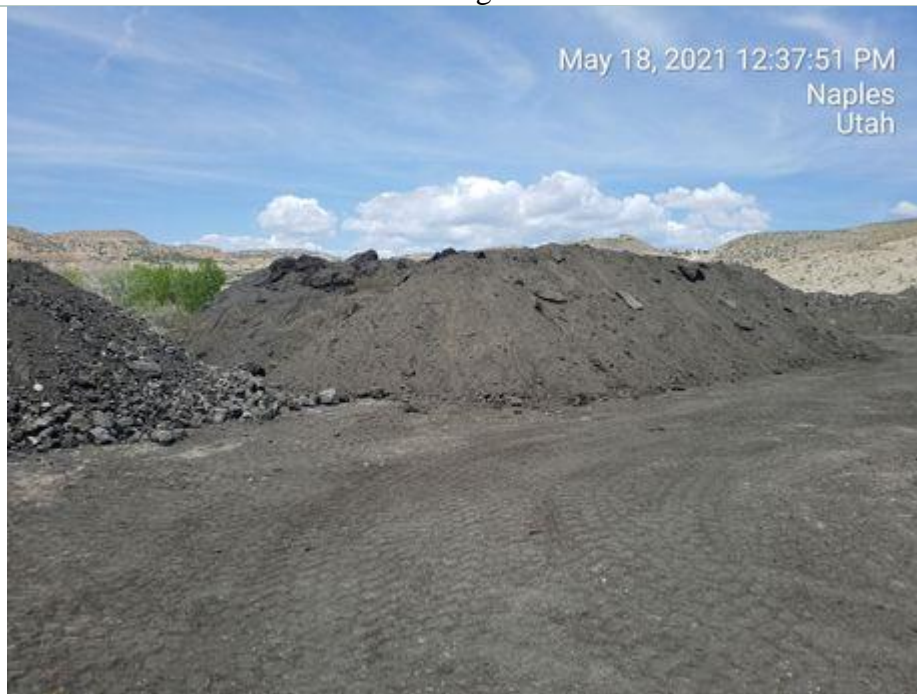


deleterious. This information will be used in determining how this material is handled during reclamation.	
5. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
6. Reclamation	<input type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
7. Backfilling/Grading (trenches, pits, roads, highwalls, shafts)	<input checked="" type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
The mine pit is partially backfilled and appears unchanged from the prior inspection.	
8. Soils	<input type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
9. Revegetation	<input type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
10. Other	<input checked="" type="checkbox"/> Evaluated & Commented <input type="checkbox"/> Enforcement
<p>Valkor and Greenfield established a joint venture back in March 2020. Plant construction was completed in December. The operator ran out of ore to process and set up an agreement with Tar Sands Holdings II to purchase more ore to bring to the property. Valkor asked the property owner for an extension to the terms of the lease allowing for an extension to produce more oil by end of year. According to the operator it is too expensive and currently not economical to mine the ore from the pit. The plan is to test the plant and once it is determined to be operational then mined material from the pit will be used. There are no immediate plans to the mine the pit material. The oil sand from the off-site source was estimated to be approximately 500 tons. Operator has identified a buyer for the sand material. The company planned to conduct further exploration to evaluate the resource which was scheduled to resume in June.</p>	

Pictures



Latitude: 40.3373, Longitude: -109.48656
Small amount of ore was staged in front of the crusher.



Latitude: 40.33713, Longitude: -109.48884
A separate staging area west of the plant is where trucked in ore was located.



Latitude: 40.33715, Longitude: -109.48883

This same area had a combination of stockpiles from the on- site mine and trucked in ore.



Latitude: 40.1996, Longitude: -109.65909

Sand end-product stockpile. The sand had a very strong hydrocarbon odor.



Inspector Signature:

AA

Suggestions/Edits:

Reviewer: **pbb**

CC: George Stapleton, Valkor, george.stapleton@valkor.com