



PAT MCCRORY

Governor

DONALD R. VAN DER VAART

Secretary

TRACY DAVIS

Director

December 15, 2015

Ms. Katharine D. Fort
Hilton Properties, LP
PO Box 523
Whiteville, North Carolina 28472

Re: Hilton Properties Mine
New Hanover County
Cape Fear River Basin

Dear Ms. Fort:

Your mining permit has been modified to address concerns of groundwater contamination on the neighboring General Electric property. The modification allows excavation to take place in Phase 1 only. The area east of the typical A-AA cross-section (Phase 2) is now undisturbed buffer. The modification includes phasing of the project and a nest of monitoring wells as indicated on the mine map dated July 14, 2015. A condition has been added to require that all mine operations cease if your company received notification that 2L limits have been exceeded. The modification changes the affected acreage to 28.10 acres. A copy of the modified permit is enclosed.

The conditions in the modified permit were based primarily upon the initial application. Modifications were made as indicated by the modification request and as required to insure compliance with The Mining Act of 1971. The expiration date, mine name and permit number shall remain the same as before the modification. I would like to draw your particular attention to the following conditions where minor additions or changes were made: Operating Condition Nos. 4E, 5, 12B and 13.

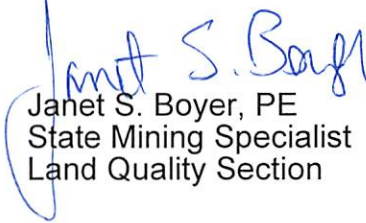
The issuance of a mining permit and/or any modification to it does not supersede local zoning regulations. The responsibility of compliance with any applicable zoning regulations lies with you.

As a reminder, your permitted acreage at this site is 67.70 acres and the amount of land you are approved to disturb is 28.10 acres.

In addition, the reclamation bond was calculated for this site using the information submitted on the mine plans received by the Land Quality Section on July 14, 2015. The reclamation bond for this site has been calculated to be \$36,300 (calculation worksheet enclosed). Your company currently has a \$46,900 cash bond on file for this site. As such, you may wish to reduce this surety bond to the new required amount of \$36,300.

Please review the permit and contact me at (919) 707-9220 of any objection or questions concerning the terms of the permit.

Sincerely,



Janet S. Boyer, PE
State Mining Specialist
Land Quality Section

JSB/jw
Enclosures

cc: Mr. Dan Sams, PE
Mr. William Gerringer-DOL, Mine and Quarry Bureau, w/o enclosures

**DEPARTMENT OF ENVIRONMENT
AND NATURAL RESOURCES
DIVISION OF ENERGY, MINERAL AND LAND RESOURCES
LAND QUALITY SECTION**

P E R M I T

for the operation of a mining activity

In accordance with the provisions of G.S. 74-46 through 68, "The Mining Act of 1971," Mining Permit Rule 15A NCAC 5 B, and other applicable laws, rules and regulations

Permission is hereby granted to:

Hilton Properties, LP

Hilton Properties Mine

New Hanover County - Permit No. 65-35

for the operation of a

Sand Mine

which shall provide that the usefulness, productivity and scenic values of all lands and waters affected by this mining operation will receive the greatest practical degree of protection and restoration.

MINING PERMIT EXPIRATION DATE: February 5, 2024

In accordance with the application for this mining permit, which is hereby approved by the Department of Environment and Natural Resources, hereinafter referred to as the Department, and in conformity with the approved Reclamation Plan attached to and incorporated as part of this permit, provisions must be made for the protection of the surrounding environment and for reclamation of the land and water affected by the permitted mining operation. This permit is expressly conditioned upon compliance with all the requirements of the approved Reclamation Plan. However, completed performance of the approved Reclamation Plan is a separable obligation, secured by the bond or other security on file with the Department, and may survive the expiration, revocation or suspension of this permit.

This permit is not transferable by the permittee with the following exception: If another operator succeeds to the interest of the permittee in the permitted mining operation, by virtue of a sale, lease, assignment or otherwise, the Department may release the permittee from the duties imposed upon him by the conditions of his permit and by the Mining Act with reference to the permitted operation, and transfer the permit to the successor operator, provided that both operators have complied with the requirements of the Mining Act and that the successor operator agrees to assume the duties of the permittee with reference to reclamation of the affected land and posts a suitable bond or other security.

In the event that the Department determines that the permittee or permittee's successor is not complying with the Reclamation Plan or other terms and conditions of this permit, or is failing to achieve the purposes and requirements of the Mining Act, the Department may give the operator written notice of its intent to modify, revoke or suspend the permit, or its intent to modify the Reclamation Plan as incorporated in the permit. The operator shall have right to a hearing at a designated time and place on any proposed modification, revocation or suspension by the Department. Alternatively and in addition to the above, the Department may institute other enforcement procedures authorized by law.

Definitions

Wherever used or referred to in this permit, unless the context clearly indicates otherwise, terms shall have the same meaning as supplied by the Mining Act, N.C.G.S. 74-49.

Modifications

December 15, 2015: This mining permit has been modified to address concerns of groundwater contamination on the neighboring General Electric property. The modification allows excavation to take place in Phase 1 only. The area east of the typical A-AA cross-section (Phase 2) is now undisturbed buffer. The modification includes phasing of the project and a nest of monitoring wells as indicated on the mine map dated July 14, 2015. A condition has been added to require that all mine operations cease if your company received notification that 2L limits have been exceeded. The modification changes the affected acreage to 28.10 acres.

Expiration Date

This permit shall be effective from the date of its issuance until February 5, 2024.

Conditions

This permit shall be subject to the provisions of the Mining Act, N.C.G.S. 74-46, et. seq., and to the following conditions and limitations:

OPERATING CONDITIONS:

1. A. Any wastewater processing or mine dewatering shall be in accordance with the permitting requirements and rules promulgated by the N.C. Environmental Management Commission.
- B. Any stormwater runoff from the affected areas at the site shall be in accordance with any applicable permit requirements and regulations promulgated by the Environmental Protection Agency and enforced by the N.C. Environmental Management Commission. It shall be the permittee's responsibility to contact the Stormwater Program to secure any necessary stormwater permits or other approval documents.
2. A. Any mining process producing air contamination emissions shall be subject to the permitting requirements and rules promulgated by the N.C. Environmental Management Commission and enforced by the Division of Air Quality.
- B. During mining operations, water trucks or other means that may be necessary shall be utilized to prevent dust from leaving the permitted area.
3. A. Sufficient buffer (minimum 50 foot undisturbed) shall be maintained between any affected land and any adjoining waterway or wetland to prevent sedimentation of that waterway or wetland from erosion of the affected land and to preserve the integrity of the natural watercourse or wetland.
- B. Any mining activity affecting waters of the State, waters of the U. S., or wetlands shall be in accordance with the requirements and regulations promulgated and enforced by the N. C. Environmental Management Commission.
4. A. Adequate mechanical barriers including but not limited to diversions, earthen dikes, sediment check dams, sediment retarding structures, rip rap pits, or ditches shall be provided in the initial stages of any land disturbance and maintained to prevent sediment from discharging onto adjacent surface areas or into any lake, wetland or natural watercourse in proximity to the affected land.
- B. All drainage from the affected area around the mine excavation shall be diverted internal to said excavation.
- C. No dewatering activities shall occur at this site.

- D. Mining activities shall occur as indicated on the mine map last revised July 14, 2015 and the supplemental information received March 26, 2013 and September 24, 2013.
 - E. Mining shall cease immediately upon notification that regulatory limits have been exceeded at monitoring wells described in the "Supplemental Remedial Investigation Work Plan Northwest Site Area" dated June 2, 2015 and received by the Land Quality Section on July 14, 2015.
5. All affected area boundaries (28.10 acres) shall be permanently marked at the site on 100-foot intervals unless the line of sight allows for larger spacing intervals.
 6. The angle for graded slopes and fills shall be no greater than the angle, which can be retained by vegetative cover or other adequate erosion control measure, structure, or device. In any event, exposed slopes or any excavated channels, the erosion of which may cause off-site damage because of sedimentation, shall be planted or otherwise provided with ground cover, devices or structures sufficient to restrain such erosion.
 7. The affected land shall be graded so as to prevent collection of pools of water that are, or likely to become, noxious or foul. Necessary structures such as drainage ditches or conduits shall be constructed or installed when required to prevent such conditions.
 8. Existing vegetation or vegetated earthen berms shall be maintained between the mine and public thoroughfares whenever practical to screen the operation from the public.
 9. Sufficient buffer (minimum 20 foot unexcavated) shall be maintained between any excavation and any mining permit boundary to protect adjacent property.
 10.
 - A. No on-site disposal of refuse or other solid waste that is generated outside of the mining permit area shall be allowed within the boundaries of the mining permit area unless authorization to conduct said disposal has first been obtained from both the Division of Waste Management and the Land Quality Section, Department of Environment and Natural Resources. The method of disposal shall be consistent with the approved reclamation plan.
 - B. Mining refuse as defined by G.S. 74-49 (14) of The Mining Act of 1971 generated on-site and directly associated with the mining activity may be disposed of in a designated refuse area. All other waste products must be disposed of in a disposal facility approved by the Division of Waste Management. No petroleum products, acids, solvents or their storage containers or any other material that may be considered hazardous shall be disposed of within the permitted area.

- C. For the purposes of this permit, the Division of Energy, Mineral and Land Resources considers the following materials to be "mining refuse" (in addition to those specifically listed under G.S. 74-49 (14) of the N.C. Mining Act of 1971):
1. on-site generated land clearing debris
 2. conveyor belts
 3. wire cables
 4. v-belts
 5. steel reinforced air hoses
 6. drill steel
- D. If mining refuse is to be permanently disposed within the mining permit boundary, the following information must be provided to and approved by the Division of Energy, Mineral and Land Resources prior to commencement of such disposal:
1. the approximate boundaries and size of the refuse disposal area;
 2. a list of refuse items to be disposed;
 3. verification that a minimum of 4 feet of cover will be provided over the refuse;
 4. verification that the refuse will be disposed at least 4 feet above the seasonally high water table; and,
 5. verification that a permanent vegetative groundcover will be established.
11. An Annual Reclamation Report shall be submitted on a form supplied by the Department by February 1 of each year until reclamation is completed and approved.
12. A. The operator shall notify the Department in writing of the desire to delete, modify or otherwise change any part of the mining, reclamation, or erosion/sediment control plan contained in the approved application for a mining permit or any approved revision to it. Approval to implement such changes must be obtained from the Department prior to on-site implementation of the revisions.
- B. No mining related activities shall occur within the area east of the typical A-AA cross-section (Phase 2), which is now undisturbed buffer, until a modification is submitted to and approved by the Department detailing said activities.
13. The security, which was posted pursuant to N.C.G.S. 74-54 in the form of a \$46,900.00 cash bond, is sufficient to cover the operation as indicated in the approved application. This security must remain in force for this permit to be valid. The total affected land shall not exceed the bonded acreage.
14. A. Authorized representatives of the Division of Archives and History shall be granted access to the site to determine the presence of significant archaeological resources.

- B. Pursuant to N. C. G. S. 70 Article 3, "The Unmarked Human Burial and Human Skeletal Remains Protection Act," should the operator or any person in his employ encounter human skeletal remains, immediate notification shall be provided to the county medical examiner and the chief archaeologist, North Carolina Division of Archives and History.

APPROVED RECLAMATION PLAN

The Mining Permit incorporates this Reclamation Plan, the performance of which is a condition on the continuing validity of that Mining Permit. Additionally, the Reclamation Plan is a separable obligation of the permittee, which continues beyond the terms of the Mining Permit.

The approved plan provides:

Minimum Standards As Provided By G.S. 74-53

1. The final slopes in all excavations in soil, sand, gravel and other unconsolidated materials shall be at such an angle as to minimize the possibility of slides and be consistent with the future use of the land.
2. Provisions for safety to persons and to adjoining property must be provided in all excavations in rock.
3. All overburden and spoil shall be left in a configuration which is in accordance with accepted conservation practices and which is suitable for the proposed subsequent use of the land.
4. No small pools of water shall be allowed to collect or remain on the mined area that are, or are likely to become noxious, odious or foul.
5. The revegetation plan shall conform to accepted and recommended agronomic and reforestation practices as established by the North Carolina Agricultural Experiment Station and the North Carolina Forest Service.
6. Permittee shall conduct reclamation activities pursuant to the Reclamation Plan herein incorporated. These activities shall be conducted according to the time schedule included in the plan, which shall to the extent feasible provide reclamation simultaneous with mining operations and in any event, provide reclamation at the earliest practicable time after completion or termination of mining on any segment of the permit area and shall be completed within two years after completion or termination of mining.

RECLAMATION CONDITIONS:

1. Provided further, and subject to the Reclamation schedule, the planned reclamation shall be to restore the mine excavation to a lake area and to grade and revegetate the adjacent disturbed areas.
2. The specifications for surface gradient restoration to a surface suitable for the planned future use are as follows:
 - A. The lake area shall be excavated to maintain a minimum water depth of four feet measured from the low water table elevation.

- B. The side slopes to the lake excavation shall be graded to a 3 horizontal to 1 vertical or flatter to the water line and 2 horizontal to 1 vertical or flatter below the water line.
- C. Any areas used for wastepiles, screening, stockpiling or other processing shall be leveled and smoothed.
- D. No contaminants shall be permanently disposed of at the mine site. On-site disposal of waste shall be in accordance with Operating Condition Nos. 10A through D.
- E. The affected land shall be graded to prevent the collection of noxious or foul water.

3. Revegetation Plan:

After site preparation, all disturbed land areas shall be revegetated as per Revegetation Plan approved by Mr. Floyd R. Williams of Williams Environmental and Geological Services, PLLC on March 22, 2012.

Whenever possible, disturbed areas should be vegetated with native warm season grasses such as switch grass, Indian grass, bluestem and gamma grass.

In addition, the permittee shall consult with a professional wildlife biologist with the N.C. Wildlife Resources Commission to enhance post-project wildlife habitat at the site.

4. Reclamation Plan:

Reclamation shall be conducted simultaneously with mining to the extent feasible. In any event, reclamation shall be initiated as soon as feasible after completion or termination of mining of any mine segment under permit. Final reclamation, including revegetation, shall be completed within two years of completion or termination of mining.

Permit issued this 15th day of December, 2015.

By: Janet S. Boyer

for Tracy E. Davis, Director
Division of Energy, Mineral, and Land Resources
By Authority of the Secretary
Of the Department of Environment and Natural Resources

APPLICATION FOR A MINING PERMIT

HILTON PROPERTIES LP
HILTON PROPERTIES MWE
65-35

E. DETERMINATION OF AFFECTED ACREAGE AND BOND

The following bond calculation worksheet is to be used to establish an appropriate bond (based upon a range of \$500 to \$5,000 per affected acre) for each permitted mine site based upon the acreage approved by the Department to be affected during the life of the mining permit. Please insert the approximate acreage, for each aspect of the mining operation, that you intend to affect during the life of this mining permit (in addition, please insert the appropriate reclamation cost/acre for each category from the Schedule of Reclamation Costs provided with this application form) OR you can defer to the Department to calculate your bond for you based upon your maps and standard reclamation costs:

CATEGORY	AFFECTED ACREAGE		RECLAMATION COST/ACRE*		RECLAMATION COST
Tailings/Sediment Ponds:	_____ Ac.	X	\$ _____/Ac.	=	\$ _____
Stockpiles:	<u>1.0</u> Ac.	X	\$ <u>1800</u> /Ac.	=	\$ <u>1,800</u>
Wastepiles:	_____ Ac.	X	\$ _____/Ac.	=	\$ _____
Processing Area/Haul Roads:	<u>5.40</u> Ac.	X	\$ <u>1800</u> /Ac.	=	\$ <u>9,720</u>
Mine Excavation:	<u>27.10</u> Ac.	X	\$ <u>500</u> /Ac.	=	\$ <u>13,550</u>
Other:	<u>2.9</u> Ac.	X	\$ <u>1800</u> /Ac.	=	\$ <u>5,220</u>
TOTAL AFFECTED AC.:	_____ Ac.				
(TOTAL PERMITTED AC.:	<u>67.70</u> Ac.)				

Temporary & Permanent Sedimentation & Erosion Control Measures:

Divide the **TOTAL AFFECTED AC.** above into the following two categories: a) affected acres that drain into proposed/existing excavation and/or b) affected acres that will be graded for positive drainage where measures will be needed to prevent offsite sedimentation and sedimentation to onsite watercourses and wetlands.

- a) Internal Drainage _____ Ac.
- b) Positive Drainage _____ Ac. X \$1,500.00 = \$ _____

SUBTOTAL COST: \$ 30,290

Inflation Factor:

0.02 X SUBTOTAL COST: \$ 30,290 X Permit Life (1 to 10 years): 10

INFLATION COST: \$ 6,058

TOTAL COST = SUBTOTAL COST + INFLATION COST = \$ 36,348

Total Reclamation Bond Cost: \$ 36,300
(round down to the nearest \$100.00)