

# Varra Companies, Inc.

## OFFICE OF SPECIAL PROJECTS

8120 Gage Street Frederick, Colorado 80516 Telephone (970) 353-8310 e-Mail: [bljforester@msn.com](mailto:bljforester@msn.com)

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Tuesday 31 July 2018

To: Peter Hays, E.P.S.  
Colorado Office of Mined Land Reclamation (OMLR, or 'the Office')  
Division of Reclamation Mining and Safety  
1313 Sherman St., #215  
Denver, CO 80203

From: Varra Companies, Inc.  
Bradford Janes, Forester  
Liaison – Interdisciplinary Affairs

Subject: Addendum – [Annual Report of 2017–18 to OMLR for Permit M-2010-049 – Western Sugar Reclamation Land Development Project](#)  
– Status, Clarification, and Necessary Changes to the Reclamation  
Timetable and correlated Financial Warranty.

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Legal Description: A parcel of land located in part of the NW/4,NE/4 and NE/4,NW/4; Section 9; and a portion of the S/2,S/2; Section 4; all in Township 5 North; Range 65 West; 6<sup>th</sup> P.M.; Weld County, Colorado.

General Location: South of the Cache la Poudre River – East of Ash Ave. – North of 16<sup>th</sup> St.

Total Acres: 102.87

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- Of the 62.81± acres of extractable area, apx. 44.62± (apx. 71%) are completed. This includes the reclaimed basin of Tract B, and completed areas of extraction comprising Tract C and D. Only Tract A remains to be extracted, and at the rate of past extraction would be completed in apx. three years – however – extraction at Tract A is deferred since the site is presently utilized primarily for processing, stockpiling, and related yard activities.
- Still, the rate of extraction was so rapid it shortened the anticipated life of the mine by nearly 10 years, or nearly 50 percent of the anticipated timeline.

- The rate of extraction simply outpaced mining methods intended to maintain concurrency of finished slope establishment, essentially doubling the needed volume to complete the finished slopes.
- The rate of extraction was also compounded by labor shortages and equipment breakdown due to the increased demands on this resource.
- Using past figures, this would result in an estimated doubling of the costs estimated for backfilling and sloping the pit walls, or an additional \$36,781.50, plus any increase due to OMLR determined Administrative Costs, or determinations.
- The Operator is operating in good faith and is willing to provide revised warranty cost determinations, including source and volumes of fill and related factors to assure the lag in planned reclamation created by uncommon infrastructure demand if fully accounted for, revised, and secured by adequate financial warranty.
- We anticipate submittal of a Technical Revision could be made within the next 60–90 days. To assure the OMLR of our operational integrity, we are willing to provide for a reasonable and temporary interim financial warranty of \$36,781.50, or as otherwise reasonably estimated by the OMLR, up to \$50,000.00; until the approval of a more thorough Technical Revision occurs; unless the matter can otherwise be settled by simple correspondence.
- A chart of our estimated volume requirements and increased warranty cost estimate determined by field examination and comparison with the warranty calculations provided at the time of the permit by the OMLR, are included with this correspondence to support that the values determined and reflected here are reasonable.

Please let us know if this approach is acceptable to the Office of Mined Land Reclamation. Naturally, if you need further clarification or assistance, please do not hesitate to contact us. Thank-you for your understanding and cooperation.

–fin–

cc. Garrett C. Varra, Vice-President of Operations  
Varra Companies, Inc.

Attachments:

- Chart estimating volume and costs to backfill and grade Tracts C and D.