

# Varra Companies, Inc.

## OFFICE OF SPECIAL PROJECTS

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Monday 27 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-2013-064 – Varra-Coulson Resource 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 NE/4; Section 10; 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 – West of Fern Ave. – North of 16<sup>th</sup> St.

Total Acres: 100.63

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- Extraction has opened all of the 11.61± Acres of Middle Field to a depth of apx. 10± feet.
- Apx. 18.35± Acres comprising the near West half of South Field as it lies north of the plant stockpile area.
- An apx. 1.5± Acre notch has started in the northern portion of the East half of South Field.
- Soil salvage has created a near 70± foot soil stockpile comprising just under 3.0± Acres within the green hatch of the area outside the 100 year floodplain. The floodplain is marked with concrete placed white markers visible to heavy equipment.
- Extraction moved from Middle Field to South Field when the deposit began to turn to sand. As extraction moved from the West extraction boundary

apx. 1,140.0± ft. to the East, depth increased without hitting the expected shale bottom. Additionally, until more room opens up, the establishment of concurrent finished boundary slopes have been deferred.

- The rate of extraction simply outpaced mining methods intended to maintain concurrency of finished slope establishment.
- 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.
- In this instance, as the West half of South Field opens up we hope to find bottom and catch up on concurrent sloping requirements. Advancing wall distances should also shorten respectively.
- For this reason, the Operator requests a six-month deferral for consideration of Financial Warranty for this condition as we deem the conditions as reported will be temporary and can be dramatically caught up over the next six months.
- At the end of six months or 1 March 2019, the Operator will update site conditions in a Map, along with a report on the status of perimeter slopes and advancing wall of extraction; along with an update to correlated Financial Warranty, should that be necessary.

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.

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

