


**COLORADO**Division of Reclamation,
Mining and Safety

Department of Natural Resources

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: Heintzelman Project (Pit 116)	MINE/PROSPECTING ID#: M-2009-018	MINERAL: Sand and gravel	COUNTY: Weld
INSPECTION TYPE: Monitoring	INSPECTOR(S): Peter S. Hays	INSP. DATE: November 1, 2018	INSP. TIME: 10:00
OPERATOR: Varra Companies, Inc.	OPERATOR REPRESENTATIVE:	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: IT.Bondcalculationtype.CD.Desc	BOND AMOUNT: \$239,266.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
WEATHER: Clear	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: November 16, 2018	

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: Financial Warranty

PROBLEM: The financial warranty is not adequate to reclaim the site in accordance with the approved Reclamation Plan. This is a failure to maintain the proper financial warranty amount to complete reclamation of the affected lands pursuant to C.R.S. 34-32.5-117(4)(b) of the Act.

CORRECTIVE ACTIONS: The Operator shall submit adequate financial warranty, as determined by the Division, for the affected acreage in the three mining tracts. A copy of the Division's estimate is attached for review. The Division will allow the Operator 60 days to review and comment on the estimate before issuing the notice of surety increase. The Division will send a separate surety increase notice to the Operator regarding the increase of the financial warranty. The Operator will have 60 days from the date of the surety increase notice to post the additional financial warranty.

CORRECTIVE ACTION DUE DATE: 1/15/19

OBSERVATIONS

The Heintzelman Project was inspected by Peter Hays with the Division of Reclamation, Mining and Safety (Division/DRMS) as part of the Division's monitoring inspection program. The site was previously inspected by the Division on March 14, 2014. Mr. Chris Varra, Mr. Garrett Varra, Mr. Brad Jones and Mr. Brad Janes with Varra Companies, Inc. were present during the inspection.

The site is permitted for 155.65 acres with a maximum allowed disturbance acreage of 80 acres at one time. The site is divided into 3 mining areas; Tract A, Tract B and Tract C. The permit was revised by Amendment No. 1 (AM-01) in 2011. The amendment added 1.58 acres for a conveyor route to the Kurtz Project. The conveyor route was constructed in 2012 and was operational during the inspection. The site was active during the inspection.

Tract A:

The mining excavation in the tract was estimated at 80% complete by the Division. The north, west and a portions of the east pit highwalls were backfilled and sealed with a clay liner. Topsoil has not been replaced on the regraded slopes. Annual weeds were observed on the north, east and portions of the west slopes. The regraded slopes were stable and no erosion features were observed during the inspection. Mining excavation was occurring in the southeast corner of the tract. Material stockpiled on the pit floor of the tract was being conveyed to the Kurtz Project for processing. The pit was being dewatered from the tract to the seep ditch adjacent to the east permit boundary.

The Kerr-McGee and Anadarko gas well and lines located in tract were removed and relocated around the perimeter of the tract. A new site for the gas well equipment was created in the northeast corner of Tract B. The original gas well peninsula in the tract is no longer needed and the area was mined through by the Operator. The Division will require the Operator to revise the approved Mining and Reclamation Plans to remove the peninsula and for the new well pad with the submittal of a technical revision or as part of a future permit amendment for the site.

Tract B:

The mining excavation in the tract is complete. The pit depth was estimated at 30 feet with 1H:1V perimeter highwall slopes. The Operator has elected to backfill the tract with sand from Tract C to eliminate long-term groundwater exposure. The backfilling operation was progressing from south to north with a scraper. The Division will require the Operator to revise the approved Mining and Reclamation Plans to backfill the tract with the submittal of a technical revision or as part of a future permit amendment for the site.

Tract C:

The eastern half of the tract was stripped of topsoil and overburden and was being excavated by a scraper to provide backfill material for Tract B. The Operator does not intend to mine gravel from the tract. The perimeter slopes of the tract are planned to be mined at the final 3H:1V slopes. The Operator estimates 15 to 20 feet of sand will be removed from the tract. The excavation will not intercept groundwater. The final excavation will create a shallow dry basin. The Division will require the Operator to revise the approved Mining and Reclamation Plans for the tract with the submittal of a technical revision or as part of a future permit amendment for the site.

Financial Warranty:

The Division currently holds a financial warranty in the amount of \$239,266.00. The financial warranty has not been recalculated by the Division since 2011 and only accounted for mining disturbance in Tract A. A copy of the 2011 bond estimate summary page is attached for reference. The Division estimated the cost to reclaim the current disturbance in all three tracts at \$1,592,000.00, an increase of \$1,352,734.00. A copy of the Division's estimate is attached for review. The Division will allow the Operator 60 days to review and comment on the estimate before issuing the notice of surety increase. The Operator will have 60 days from the date of the surety increase notice to post the additional financial warranty.

Long-term Groundwater Compliance:

The Operator complied with the Colorado Division of Water Resources (DWR) requirement for long-term augmentation for exposed groundwater by committing water shares to cover the exposed groundwater. The approved post-mining land use is general agriculture with unlined ponds. The Operator is installing a clay liner around Tract A to create a reservoir. The Division will require the Operator to submit and receive approval of a permit amendment to revise the post-mining land use from general agriculture to developed water resource.

Mine sign and boundary markers:

The entrance sign and boundary markers were observed as required by Rule 3.1.12. The site is fenced on all sides and is delineated by WCR 17 to the west, WCR 26 to the south and WCR 28 to the north.

Photographs taken during the inspection and an inspection map created by the Division based on the inspection observations are attached.

Inspection Contact Address

Garrett Varra
Varra Companies, Inc.
8120 Gage St.
Frederick, CO 80516

Enclosures – Inspection Map, 2018 Bond Estimate, 2018 Bond Estimate Summary Page

Ec: Michael Cunningham, DRMS

PHOTOGRAPHS



Heintzelman mine sign



View of Tract A from the southwest corner looking northeast



View of Tract A from the northeast corner looking west



View of Tract A from the northeast corner looking south



View of sand excavation in Tract C



View of site from Tract C looking north



View of Tract B from the southwest corner looking northeast



View of Tract B from the northeast corner looking southwest

GENERAL INSPECTION TOPICS

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

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>PB</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>N</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>N</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

Heintzelman Project

November 1, 2018 Inspection Map
M-2009-018

Legend

- Backfilled Slopes
- Dewatering Outlet
- Heintzelman Permit Boundary
- Removed Oil Well Location
- Stockpiles Location
- Topsoil Stockpile
- Tract A
- Tract B
- Tract C

