

Warren H. Dean  
3131 Little Turkey Creek Road  
Colorado Springs, CO 80926  
719-440-1722  
warren@rosenbaumdean.com

Russ Means  
Minerals Program Director  
Division of Reclamation, Mining and Safety  
State of Colorado  
1313 Sherman Street, Room 215  
Denver, CO 80203

Re: Pikeview Quarry

Dear Russ:

Thank you for your email of January 25. I appreciate your positions with several of my concerns. In addition, I appreciate your prompt response to each of my emails.

However, as you know, the Pikeview Quarry has been designated as a "High Priority" site for several reasons including ongoing reclamation liabilities, recent landslides and its current unstable condition, which pose a significant public safety risk. As a result of the 2009 Cease and Desist Order issued by the Division, in 2012, the quarry owners submitted a revised reclamation plan detailing how the existing unstable conditions would be corrected. Because of the extent of the existing unsafe conditions, reclamation was to be done in five phases, stabilizing each phase before moving on to the next unstable portion of the quarry. The total cost for reclamation and re-stabilization of the entire quarry was calculated at \$21,936,772 (in 2012 dollars).

On April 11, 2013, this plan was approved by the Division, but Transit Mix was only required to post a bond for the first of the five phases required to stabilize the quarry, leaving nearly **\$18 million** of the cost to stabilize the Pikeview Quarry totally unsecured.

As mentioned earlier, the recent sale of Transit Mix's operation and reported layoffs of workers at the quarry raise the real prospect that the State will be left holding the bag for the unsecured balance of the cost to stabilize the currently unsafe conditions at the quarry. These costs now exceed **\$26 million** in current dollars (assuming just a 5% annual escalation).

I believe immediate action is needed to comply with the Division's Mining Rules and Regulations which require financial assurances "sufficient to assure the completion of reclamation of affected lands..." (emphasis added) before the proceeds of the sale of Transit Mix's business are dissipated, leaving it financially unable to post the required

Russ Means  
Minerals Program Director  
Division of Reclamation, Mining and Safety  
State of Colorado  
January 31, 2019  
Page 2

bond. Excerpts from the Division's applicable Mining Rules and Regulations are attached to this letter.

Failure to take immediate action to require a reclamation bond to cover the "actual current cost of fulfilling the requirements of the Reclamation Plan" could well result in passing on to the State and its taxpayers the remaining \$26 million in costs necessary to correct the current unsafe conditions of the Pikeview Quarry. I ask again, given the what the Rules and Regulation state, how can CDRMS only bond a small portion of the Pikeview Quarry operator's reclamation liability?

Thank you for your time, patience and consideration. And, I apologize and advance for continuing to press this issue, but this reclamation is important citizens of El Paso County and the City of Colorado Spring, who must live with it every day.

Sincerely,

Warren Dean

Enclosure

cc: Governor Jared Polis  
Daniel Gibbs, Director of Department of Natural Resources  
Ginny Brannon, Deputy Executive Director / Division Director CDRMS



Excerpts from Division's Applicable Mining Rule and Regulations:

The Division's Mining Rules and Regulations specifically state:

- “All Financial Warranties shall be set and maintained at a level which reflects the actual current cost of fulfilling the requirements of the Reclamation Plan.”
- “In any single year during the life of the permit, the amount of required Financial Warranties shall not exceed the estimated cost of fully reclaiming all lands to be affected in said year, plus all lands affected in previous permit years and not yet fully reclaimed. For the purpose of this Paragraph (4), reclamation costs shall be computed with reference to current reclamation costs. The amount of the Financial Warranty shall be sufficient to assure the completion of reclamation of affected lands if the Office has to complete such reclamation due to forfeiture.”