

STATE OF
COLORADO

Simmons - DNR, Leigh <leigh.simmons@state.co.us>

C1983059, Terror Creek Loadout, RN7, Adequacy Review

Mike Ludlow <Mike.Ludlow@oxbow.com>

Tue, Feb 19, 2019 at 3:15 PM

To: "Simmons - DNR, Leigh" <leigh.simmons@state.co.us>

Cc: Doug Smith <Doug.Smith@oxbow.com>, Pierre Azzi <Pierre.Azzi@oxbow.com>, Roy Schorsch <Roy.Schorsch@oxbow.com>, Scott Stewart <Scott.Stewart@oxbow.com>

Dear Mr. Simmons,

Thank you for the information on bond release. We have not yet asked for Phase I bond release at Terror Creek or Elk Creek. None of the bond release Phases address the removal of structures. If this is the case, bond release could be achieved by regrading around and through the existing structures. It is my understanding that it is the Divisions policy to recalculate bonding requirements to insure and adequate bond is in place to cover the actual costs of reclamation. Please base the bonding calculations on the actual estimated costs. Oxbow is willing to work with the Division to estimate the actual costs. The Division inspection reports acknowledge the removal of structure at Terror Creek. The bonding calculation should be based on actual cost to reclaim the property. I can understand that a reduction cannot be granted other than through the stated rules, but I also believe that the rules are written to address surface mine disturbances and applied to underground mines. The bond that is in place is more than sufficient to cover the actual cost of reclamation. No bond increase is warranted at this time.

Below is a snip of the Divisions page on bonding. "The amount of required reclamation performance bond is based on the actual costs to reclaim all permitted disturbance at an operation"

Thank you for your help in this matter.

Best Regards

Michael W Ludlow

President

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COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

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Responsibilities

Responsibilities

- Permitting
- Bonding
- Inspection
- Enforcement

Rules And Regulations

- Reclamation Act
- Rules and Regulations

Bonding

Reclamation performance bonds are posted for all permitted coal mines and exploration projects. The performance bond ensures that the Division has adequate funds to hire a third party to complete required reclamation of approved disturbance in the event the permittee is unable to do so. The amount of required reclamation performance bond is based on the actual costs to reclaim all permitted disturbance at an operation. The bond remains in place for a minimum of ten years for most mine permits, dependent on the post-mining land use. Liability for an exploration project is released when the required reclamation has been accomplished.

From: Simmons - DNR, Leigh [mailto:leigh.simmons@state.co.us]

Sent: Tuesday, February 19, 2019 12:23 PM

To: Mike Ludlow <Mike.Ludlow@OXBOW.COM>

Cc: Doug Smith <Doug.Smith@OXBOW.COM>; Pierre Azzi <Pierre.Azzi@OXBOW.COM>; Roy Schorsch <Roy.Schorsch@OXBOW.COM>

Subject: Re: FW: C1983059, Terror Creek Loadout, RN7, Adequacy Review

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