

February 27, 2019

Colorado Division of Reclamation and Mining Safety  
Mr. Peter Hays  
1313 Sherman Street, Room 215  
Denver, CO 80203

**RE: Response to Adequacy Review 2 (TR-07) - S&H Mine (Permit M-2000-158), Weld County, Colorado**

Dear Mr. Hays:

Scout Investments offers the following responses to comments in Adequacy Review No. 2 received from the DRMS on February 22, 2019.

Adequacy Review Comment 1: The Operator proposes a revision to the approved Mining and Reclamation Plans to construct and operate a silt pond in the northeast corner of the site. The Operator's response did not provide sufficient detail on the construction of the pond. Please provide the estimated dimensions for the silt pond; including the anticipated length, width, depth, maximum volume and the perimeter slope profile for the pond.

- a. The revised reclamation cost estimate includes the cost to backfill the north silt pond with 220,000 cubic yards of material. Please clarify if this volume is the maximum anticipated volume of the silt pond.

Response 1: *The proposed silt pond dimensions are approximately 500 feet by 600 feet with an average depth of approximately 20 feet. The sideslopes were assumed to be 2:1 with an average (mid-slope) are of approximately six (6 acres). The just over six acres multiplied times the 20-ft depth available on this lower tier resulted in a conservative estimate of 220,000 cy of backfill.*

Adequacy Review Comment 2: Please commit to providing a copy of the approved revised Substitute Water Supply Plan to include the silt pond to the Division when available.

Response 2: *Martin-Marietta is responsible for ensuring that the SWSP is current with their active mining and associated depletions. The Owner commits to providing a copy of the approved SWSP to the Division.*

Adequacy Review Comment 3: The revised reclamation cost estimate provided by the Operator in Attachment 1 is not sufficient for the Division to accurately calculate the cost of reclamation that would be incurred by the State. Please provide all information necessary to calculate the cost of reclamation broken down into the various major phases of reclamation pursuant to Rule 6.4.12(1). Please include the anticipated equipment types, material volumes and haul distance for each reclamation task, at minimum.

Response 3: *The reclamation cost presented is based on generally accepted construction costs assuming stockpiles of overburden would be placed within 1,000 feet of the area(s) to be reclaimed. In order to provide flexibility and allow for the maximum expected roundtrip haul distance would be approximately 3,000 feet if reclamation occurred before the Cell C2 slurry wall is approved and if overburden stockpiles are not within close proximity (which they are planned to be within the D2 area). In consideration of this worst case scenario, the cost per cubic yard was increased to \$2.20 per cubic yard based on scraper operations.*

Adequacy Review Comment 4: The revised reclamation cost estimate provided by the Operator removed Item E – Slurry Wall Repair (50% rebuild) and the Operator stated no reclamation for the area is necessary since the slurry wall is approved by the Office of the State Engineer. The Division requires Operator's to post financial warranty, typically 50% of the slurry wall construction cost, to repair the wall due to damage from floods or damage occurring during mining and reclamation of the site. Please revise the cost estimate to include the costs associated with repairing the slurry wall.

Response 4: *The cost to repair 50% of the slurry wall was added back to bonding estimate.*

The Phase 1 reclamation cost, as the maximum reclamation cost condition, is summarized in the attached table with standard direct and indirect costs added per DRMS requirements.

Sincerely,  
CIVIL RESOURCES, LLC.



Brad L. Hagen, P.E.  
Principal Civil Engineer

Cc: Mr. Jason Von Lembke, Scout Investments

*Attachments:*  
*Bonding – Reclamation Cost Table*

**Attachment 1**  
**Scout Investments Reclamation Costs Permit M-2000-158**

Activity	Quantity	Units	Unit Costs	Cost
<b>A. Reclamation per TR-06 (ex. Processing Area)</b>				
1 Move stockpiles into mined area	344,330	CY	\$ 1.10	\$ 378,763.00
2 Final grade and place 6" of topsoil on the entire disturbed area	48,400	CY	\$ 1.05	\$ 50,820.00
3 Seed and mulch	60	Acres	\$ 977.00	\$ 58,620.00
4 Scarify ground	60	Acres	\$ 150.00	\$ 9,000.00
5 Remove equipment	1	LS	\$ 20,000.00	\$ 20,000.00
<b>Subtotal</b>				<b>\$ 517,203.00</b>
<b>B. Reclamation of North Silt Pond</b>				
1 Backfill	220,000	CY	\$ 2.20	\$ 484,000.00
2 Final grade and place 6" of topsoil on the entire disturbed area	12,100	CY	\$ 1.05	\$ 12,705.00
3 Seed and mulch	6	Acres	\$ 977.00	\$ 5,862.00
4 Scarify ground	6	Acres	\$ 150.00	\$ 900.00
<b>Subtotal</b>				<b>\$ 503,467.00</b>
<b>C. Reclamation of Perimeter Outside of Cells</b>				
1 Final grade and place 6" of topsoil on the entire disturbed area	34,690	CY	\$ 2.20	\$ 76,318.00
2 Seed and mulch	43	Acres	\$ 977.00	\$ 42,011.00
3 Scarify ground	43	Acres	\$ 150.00	\$ 6,450.00
<b>Subtotal</b>				<b>\$ 124,779.00</b>
<b>D. Backfill &amp; Reclamation of Mined Areas</b>				
1 Backfill	588,800	CY	\$ 2.20	\$ 1,295,360.00
2 Final grade and place 6" of topsoil on the entire disturbed area	42,860	CY	\$ 1.05	\$ 45,003.00
3 Seed and mulch	53	Acres	\$ 977.00	\$ 51,781.00
4 Scarify Ground	53	Acres	\$ 150.00	\$ 7,950.00
<b>Subtotal</b>				<b>\$ 1,400,094.00</b>
<b>E. Slurry Wall Repair (50% rebuild)</b>				
1 Excavation, Materials and Labor	275,000	Face Ft	\$ 4.00	\$ 1,100,000.00
<b>Subtotal</b>				<b>\$ 1,100,000.00</b>
<b>Total Disturbance Costs</b>				<b>\$ 3,645,543.00</b>
<b>Indirect Costs</b>				
<b>Overhead &amp; Profit</b>				
Performance Bond (2.02%) - Based on DRMS estimate				\$ 73,639.97
Performance Bond (3.07%) - Based on DRMS estimate				\$ 111,918.17
Job Superintendent (240 hours @ \$75/hr) - Based on DRMS estimate				\$ 18,000.00
Contractor Mob and DeMob (3%) - Based on DRMS estimate				\$ 109,366.29
Contractor Overhead and Profit (10%) - Based on DRMS estimate				\$ 364,554.30
<b>Subtotal</b>				<b>\$ 677,478.73</b>
<b>Contract Amount (direct + O &amp; P)</b>				<b>\$ 4,323,021.73</b>
<b>Legal, Engineering &amp; Project Management</b>				
Financial warranty processing (legal/related costs) (\$500)				\$ 500.00
Engineering Work and/or contract/bid preparation (4.25%)				\$ 183,728.42
Reclamation management and/or administration (5%) - Based on DRMS estimate				\$ 216,151.09
Contingency (3%)				\$ 109,366.29
<b>Subtotal</b>				<b>\$ 509,745.80</b>
<b>Total Indirect Costs</b>				<b>\$ 1,187,224.53</b>
<b>Total Bond Amount (rounded to nearest \$100,000)</b>				<b>\$ 4,800,000.00</b>