



COLORADO

Division of Reclamation, Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

May 20, 2019

Kirk Daehling
Natural Soda LLC
3200 CR 31
Rifle, CO 81650

Re: Nacholite Project, Permit No. M-1983-194, Objections to Surety Increase (TR-42) Response-1

Dear Mr. Daehling,

The Division of Reclamation Mining and Safety (Division) issued a Surety Increase as the result of approving Technical Revision (TR-42) on May 16, 2019. The additional financial warranty amount of \$3,271,412.32 for a total bond amount of \$7,429,753.00 is due July 15, 2019.

On May 17, 2019 an email was received from Gerald Daub (Daub and Associates, Inc.) on behalf of Natural Soda LLC. In the email the factors that lead to the bond increase were questioned. The Division erroneously omitted attaching its "TR-42 Reclamation Cost Estimate-Changes to Bond" letter with the TR-42 approval and attachments. That letter is now attached.

This summary table does not take into account changes resulting from inflation or other RS Means cost changes. The majority of the changes resulting in cost increase was specifically due to the requirement of off-site disposal of mill buildings as required per the BLM.

Based on email correspondence it has been indicated that you may wish to object to the financial warranty increase, TR-42 for your mining permit, M-1983-194. The calculations are based on what it would cost the State to hire a contractor to complete reclamation if an operator was unable to do so. Therefore, it is inherent that the costs will be more than what it costs the company to complete the required work. The Division will review specific tasks, equipment used, quantities, and volumes. However, staff will not review equipment efficiencies and labor costs as they are determined by using nationally accepted sources and values within the bonding program that are updated regularly.

Please be advised that in order to officially object to the noticed increase the following documentation must be submitted to the Division's Denver office no later than the compliance date for the revisions, which is July 15, 2019.

Required Documentation



1. A cover letter identifying the permit and financial warranty increase you are objecting to as well as an explanation the justification for your objection
2. Any new reclamation cost estimate, including all calculations, figures, diagrams, and totals for the specific tasks you are objecting too.

These materials must be received by the Division's Denver office no later than July 15, 2019. Please note that the objection for the increase must be sent under a separate cover, and clearly identified as to which site the objection is in reference to.

Any objections to the financial warranty increase must be received by the Division's Denver office by the compliance date of July 15, 2019. Failure to submit the objection with the supporting documents by this date may result in the Division issuing a "Reason to Believe" a violation exists letter and scheduling for a hearing before the Mined Land Reclamation Board for failure to post a financial warranty increase after being noticed.

Please feel free to contact me with any further questions. Amy Yeldell at the Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. Direct contact can be made by phone at 970-254-8511 or via email at amy.yeldell@state.co.us

Sincerely,



Amy Yeldell

Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety

Enclosures:

TR-42 Reclamation Cost Estimate-Changes to Bond

Ec:

Travis Marshall, Senior EPS, Grand Junction DRMS
Paul Daggett, White River Field Office, BLM
Gerry Deschaine, Natural Soda EH&S Manager
Gerald Daub, Consultant



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Natural Soda LLC
3200 CR 31
Rifle, CO 81650

RE: Nacholite Project, Permit No. M-1983-194, TR-42 Reclamation Cost Estimate-Changes to Bond

Dear Mr. Daehling:

This reclamation cost update was in response to the technical revision request (TR-42) which was submitted on May 3, 2019 and a site inspection conducted on May 14, 2019. The Division is mandated to recalculate the reclamation cost estimate to ensure that the Financial Warranty adequately, reflects the actual current cost of fulfilling the requirements of the approved reclamation plan.

Below is a table summarizing input values that have been updated in technical revision (TR-42). This table does not account for price changes resulting from inflation or other RS Means cost changes. Bond calculations are based on a combination of field observations and worst case scenario based on the approved reclamation permit.

Task	Form Used	Change	Justification
01a	Demo	+	On-site disposal of metal structures <u>not</u> authorized on BLM per "Natural Soda, 2015 Mine Plan Modification 500,000 Tons Per Year, Volume 4, Section 8.0, Reclamation Plan". Plant buildings changed from on-site disposal in excavated pit to off-site disposal in approved landfill. Haul distance ~21 miles to Rio Blanco County Landfill. Dump fee included in cost.
	Demo	-	Conveyor Removal-equipment located within a plant building, demo included under that buildings, no need for separate task
	Demo	+	Power-lines addressed in D&A adequacy response Approx. 54 (35-45 ft. tall) and 3 (50 ft. tall) poles with cross arms (approx. 8 ft. wide) for off-site disposal.



	Demo	+	Piping addressed in D&A adequacy response 16" @ 9,600 LF, 12" @ 5,300 FL, 8" @ 10,600 LF, 6" active @ 1,800 LF, 6" in-active @ 7,9500 LF Only 10" or 4" pipe options in CIRCES. Summed volume of all pipe and divided by 10" gave average of 36,050 LF @ 10"
02a	Borehole	-	Updated per D&A response Rounded to closest even size casing (2", 4", 6", etc.) Job hrs.-avg. 10 hrs. per hole
02a	Borehole	+	Addition of Bridge Plugs based on D&A response
03a	Dozer	+	Minor regarding around pond 8 ac approx. 12" (12,907 CY), Covering of pond liner approx. 11 ac with 36" of material (53,240 CY) per BLM or off-site disposal Total CY moved 66,147. NRCS indicates sandy loam soils not clay
03b	Ripper	+	Created separate task for ripping around pond, approx. 8 ac
03c	Dozer	+	Renamed task 06a Topsoiling pond area 19 ac @ 6" (15,327 CY)
03d	Reveg	-	Separated task 11a Reveg 19 ac, updated seeding cost
04a	Dozer	-	Minor regarding once slabs have been removed Approx. 8.2 ac @ 12" (13,229 CY) NRCS indicates sandy loam soils not clay
04b	Ripper	+	Created separate task for ripping plant area, approx. 8.2 ac
04c	Dozer	-	Renamed task 07a 8.2 ac @ 6" (6,615 CY)
04d	Reveg	-	Separated task 11a Reveg 8.2 ac, updated seeding cost
05a	Dozer	-	Updated per D&A Repose 39.08 ac of pads requiring reclamation 39.08 ac of well pads to be graded assume 2 ft. avg. cut/fill (126,098 CY)

			NRCS indicates sandy loam soils not clay
05b	Dozer	+	Separated task 08a 39.08 ac of pads @ 6" depth (31,524 CY)
05c	Reveg	-	Separated task 11a Reveg 39.08 ac, updated seeding cost
06a	Ripper	-	Updated per D&A Repose 6.16 ac of roads
06b	Dozer	+	Separated task 08a 6.16 ac of roads @ 6" (4,969 CY)
06c	Reveg	-	Separated task 11a Reveg 6.16 ac, updated seeding cost
12a	Mob	+	Additional equipment to dismantle, load and haul structures
12b	Mob	+	Secondary mobilization for seeding failure required
Indirect		-	Engineering and reclamation % cost decreased

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