

STATE OF
COLORADO

Eschberger - DNR, Amy <amy.eschberger@state.co.us>

DPG Pit / M-2019-028 / Adequacy Review No. 2

JC York <jcyork@j-tconsulting.com>

Fri, Sep 27, 2019 at 9:13 AM

To: "Eschberger - DNR, Amy" <amy.eschberger@state.co.us>

Cc: Chris Leone <chrisleone@j2contracting.com>

Amy –

Attached is our Adequacy Review No. 2 response letter. I am also attached our request to extend the decision date to October 4th so that you have time to review our response as well as providing your bonding calculations back to us to review prior to the approval. Please let me know if you need anything else. I am sending a hard copy of the Adequacy Review No. 2 response letter in the mail but only e-mailing the decision date extension letter. Let me know if you need anything else.

Regards,

J.C.

J.C. York, P.E.

J&T Consulting, Inc.

305 Denver Avenue, Suite D

Fort Lupton, CO 80621

Office: (303) 857-6222

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2 attachments**18114 JT DRMS DPG Adequacy Review Response_9.27.19.pdf**
315K**18114 JT DRMS DPG Pit Decision Date Extension 9.27.19.pdf**
105K



J&T Consulting, Inc.

September 27, 2019

Ms. Amy Eschberger
Environmental Protection Specialist
State of Colorado
Division of Reclamation, Mining, & Safety
1313 Sherman Street – Room 215
Denver, CO 80203

*RE: J-2 Contracting Company. – DPG Pit – Permit No. M-2019-028
112(c) Permit Application
Adequacy Review No. 2 Response*

Dear Ms. Eschberger,

J-2 Contracting Company (J-2) has received the Division's Adequacy Review No. 2 comments letter dated September 13, 2019. Below are the comments and the corresponding responses that have been provided to address the comments.

Exhibit C – Pre-mining and Mining Plan Map(s) of Affected Lands (Rule 6.4.3):

- 1) The revised C-1 – Pre-Mining Plan Map states the Total Permit / Affected Lands Area = 227.52 acres. Additionally, the revised Exhibit D text states the permit boundary will encompass approximately 227.52 acres which will all be affected acreage. However, page 1 of the application form is proposing a permitted acreage of 228.02 acres. Please be sure the proposed permit area/affected area is consistent throughout all application materials, including page 1 of the application form.

Response: The permitted acreage is 227.52 acres. Page 1 of the application has been revised and is included as an attachment.

Exhibit D – Mining Plan (Rule 6.4.4):

- 2) The operator's response to item no. 14 states the proposed maximum disturbed area has been calculated for the initial mining phase and areas that will be disturbed. However, the response does not specify the proposed maximum disturbed area. Based on the revised Exhibit L map and bond estimate submitted, it appears the operator is proposing a maximum disturbed area of 92.55 acres. Please confirm the operator is proposing a maximum disturbed area at this time of 92.55 acres.

Response: The proposed maximum disturbed area at this time is 92.55 acres.

Exhibit J – Vegetation Information (Rule 6.4.10):

- 3) The operator's response to item no. 44 state a determination has been completed by the (U.S.) Army Corps of Engineers, and a copy has been provided to DRMS. However, the Division was unable to find this determination letter in the materials submitted. Please provide a copy of this determination.

Response: The determination is in process with the Army Corps of Engineers. We met



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with them on Wednesday, September 26th, and they indicated that all of the areas within the mining phases were non-jurisdictional. Nick Franke with the Army Corps of Engineers will be putting together the formal response and should be sending that to us by mid-October. As soon as we have the formal response we will provide it to the DRMS. J-2 Contracting commits to not mining any of the areas that are being reviewed by the Army Corps of Engineers until we have their formal response for the determination.

Exhibit L – Reclamation Costs (Rule 6.4.12):

- 4) The operator's response to item no. 28 states that costs to reclaim the buried dewatering pip to extend from the recharge pond to the river have been included in the revised Exhibit L bond calculation. However, the Division could not find costs for this item in the revised bond estimate provided. Please be sure the bond estimate includes costs to reclaim the dewatering pipe. ***Response: The costs to reclaim the dewatering pipe are now included in the revised bond estimate. Please see the attached bond estimate.***
- 5) The Division accepts the operator's proposal to submit a combination of dedicated water shares and \$150,000 to cover administrative costs for converting the water shares to augmentation use in lieu of submitting 100% of costs for installing the Phase 1 slurry wall. This unique bonding approach only applies to Phase 1 mining. Therefore, prior to opening up Phase 2, the operator must submit a Technical Revision to increase the maximum disturbed area and to re-evaluate the required financial warranty accordingly. If, at that time, the operator can provide a letter from the State Engineer's Office approving the Phase 1 and 2 slurry wall enclosure, then the operator would be required to post 20% of total installation costs for that enclosure, and the dedicated water shares will no longer be necessary. Please be advised, upon application approval, the operator would have one calendar year to submit the affidavit for dedicated water shares along with the required financial warranty to receive permit issuance.

Response: No response required.

Exhibit S – Permanent Man-made Structures (Rule 6.4.19):

- 6) The operator's response to item no. 53 states the certified mail receipts (showing structure agreements were attempted for all owners of structures located within 200 feet of the proposed affected land boundary), were sent along with the letters to match the receipts in response to the Division's July 12, 2019 email. The Division has reviewed the materials submitted and has the following comments:
 - a. The operator has provided a copy of the Certified Mail Receipt and the proof of notice to all owners of record of the affected land and the owners of record of all land surface within 200 feet of the affected land boundary for PDC Energy, Inc. However, the Division could not find a copy of the structure agreement mailed to this entity. Please provide a copy of the structure agreement that was mailed to PDC Energy, Inc.
 - b. The operator has provided a copy of the Certified Mail Receipt and the proof of notice to all owners of record of the affected land and the owners of record of all land surface within 200 feet of the affected land boundary for Kerr-McGee Oil & Gas Onshore LP. However, the Division could not find a copy of the structure agreement mailed to this entity. Please provide a copy of the structure agreement that was

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mailed to Kerr-McGee Oil & Gas Onshore LP.

Response: The entities referenced above do not have structures that are within 200 feet of the affected land boundary.

- 7) The operator has provided an executed structure agreement only for the structures owned by DPG Farms, LLC. However, there are several other structures located within the proposed affected lands boundary which will be impacted (removed) by the mining operation, for which no agreement has been submitted. The operator is proposing to maintain a minimum 200 foot setback from all such structures until an agreement can be reached with the structure owner. The Division accepts this proposal. Therefore, the operation must keep a minimum 200 foot setback from all structures not owned by DPG Farms, LLC until a notarized agreement between the operator and the structure owner acknowledging their structure will be impacted by the operation has been provided to the Division.

Response: Agreements will be provided to DRMS once they are received from the structure owners so that mining within 200 feet of the structure can occur.

Additional Item(s):

- 8) Please remember that, pursuant to Rule 1.6.2(1)(c), any changes or additions to the application on file in our office must also be reflected in the public review copy which was placed with the County Clerk and Recorder. Pursuant to Rule 6.4.18, you must provide our office with an affidavit or receipt indicating the date this was done.

Response: Any changes or additions to the application have been delivered to the Weld County Clerk to the Board to be placed with the public review copy. We have provided transmittals date stamped by the Weld County Clerk to the Board being placed at the Weld County Clerk to the Board with the permit application materials mailed on 9/27/19.

Thank you for your consideration of our responses to the comments. Please feel free to contact me with any questions or if you need additional information.

Sincerely,



J.C. York, P.E.

J&T Consulting, Inc.

Attachments:

1. Revised Application Pages
2. Exhibit L Reclamation Costs

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY

Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



CONSTRUCTION MATERIALS REGULAR (112) OPERATION RECLAMATION PERMIT APPLICATION FORM

CHECK ONE: ☐ There is a File Number Already Assigned to this Operation

Permit # M - - - - - (Please reference the file number currently assigned to this operation)



New Application (Rule 1.4.5)



Amendment Application (Rule 1.10)



Conversion Application (Rule 1.11)

Permit # M - - - - - (provide for Amendments and Conversions of existing permits)

The application for a Construction Materials Regular 112 Operation Reclamation Permit contains three major parts: (1) the application form; (2) Exhibits A-S, Addendum 1, any sections of Exhibit 6.5 (Geotechnical Stability Exhibit; and (3) the application fee. When you submit your application, be sure to include one (1) complete signed and notarized ORIGINAL and one (1) copy of the completed application form, two (2) copies of Exhibits A-S, Addendum 1, appropriate sections of 6.5 (Geotechnical Stability Exhibit, and a check for the application fee described under Section (4) below. Exhibits should **NOT** be bound or in a 3-ring binder; maps should be folded to 8 1/2" X 11" or 8 1/2" X 14" size. To expedite processing, please provide the information in the format and order described in this form.

GENERAL OPERATION INFORMATION

Type or print clearly, in the space provided, **ALL** information requested below.

1. **Applicant/operator or company name (name to be used on permit):** J-2 Contracting Company
 - 1.1 Type of organization (corporation, partnership, etc.): Corporation
2. **Operation name (pit, mine or site name):** DPG Pit
3. **Permitted acreage (new or existing site):** 227.52 permitted acres
 - 3.1 Change in acreage (+) 227.52 acres
 - 3.2 Total acreage in Permit area 227.52 acres
4. **Fees:**
 - 4.1 New Application \$2,696.00 application fee
 - 4.2 New Quarry Application \$3,342.00 quarry application
 - 4.4 Amendment Fee \$2,229.00 amendment fee
 - 4.5 Conversion to 112 operation (set by statute) \$2,696.00 conversion fee
5. **Primary commoditie(s) to be mined:** Sand Gravel
 - 5.1 Incidental commoditie(s) to be mined: 1. - lbs/Tons/yr 2. / lbs/Tons/yr
3. / lbs/Tons/yr 4. / lbs/Tons/yr 5. / lbs/Tons/yr
 - 5.2 Anticipated end use of primary commoditie(s) to be mined: Construction Aggregates
 - 5.3 Anticipated end use of incidental commoditie(s) to be mined: N/A



Summary of Unit Costs

Direct costs

Re-applying topsoil 12" thick	\$1,800.00	/ acre
Revegetating disturbed area	\$1,000.00	/ acre
Dewatering full pit	\$400.00	/ million gallons
Phase 1 Slurry Wall Cost	\$360.00	/ linear foot
(0-50 ft @ \$3/ft - 51-70 ft @ \$4/ft - 71-95 ft @ \$13/ft)		
Phase 2 Slurry Wall Cost	\$425.00	/ linear foot
(0-50 ft @ \$3/ft - 51-70 ft @ \$4/ft - 71-95 ft @ \$13/ft)		
Phase 3 Slurry Wall Cost	\$360.00	/ linear foot
(0-50 ft @ \$3/ft - 51-70 ft @ \$4/ft - 71-95 ft @ \$13/ft)		
Phase 4 Slurry Wall Cost	\$542.00	/ linear foot
(0-50 ft @ \$3/ft - 51-70 ft @ \$4/ft - 71-95 ft @ \$13/ft)		
Phase 5 Slurry Wall Cost	\$190.00	/ linear foot
(0-50 ft @ \$3/ft - 51-70 ft @ \$4/ft - 71-95 ft @ \$13/ft)		
Scarifying Ground	\$200	/ acre
Mobilization	\$2,500	lump sum

Overhead and Profit Costs

Liability insurance	1.55%	of direct cost
Performance bond	1.05%	of direct cost
Profit	10.00%	of direct cost
Total Overhead Cost	12.60%	of direct cost

Project Management

Engineering and bidding	4.25%	of direct cost
Management and administration	5.00%	of direct cost
Total Additional Cost	9.25%	of direct cost



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Reclamation Bond Quantities and Costs

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18114 DPG Pit Rec Bond Calcs

Phase 1 - 24.6 acres (Mining Limits)

Reclamation Operation	Quantity	Unit	Unit Cost	Cost
Slurry Wall for Phase 1	4,259	lf	\$ 360.00	\$ 1,533,240
Scarifying - Topsoil/OB Stockpile, Access Road, Plant Site Areas, Loadout Area, Scale, Settling Ponds	92.55	ac	\$ 200	\$ 18,510
Topsoil Placement - Topsoil/OB Stockpile, Access Road, Plant Site Areas, Loadout Area, Scale, Settling Ponds	92.55	ac	\$ 1,800	\$ 166,590
Revegetate - Topsoil/OB Stockpile, Access Road, Plant Site Areas, Loadout Area, Scale, Settling Ponds	92.55	ac	\$ 1,000	\$ 92,550
Removal of Soil from Sediment Ponds and Removal of Berms for Sediment Ponds	16,000	cy	\$ 2.00	\$ 32,000
Removal of foundations for Scale House and Scale	50	cy	\$ 200.00	\$ 10,000
Removal of Dewatering Overflow Pipe from Recharge Pond to Cache La Poudre River - 380 LF	380	lf	\$ 6.00	\$ 2,280
Riprap Spillway Construction for Phase 1	3,309	cy	\$ 54.00	\$ 178,668
<u>Mobilization</u>	1.0	ls	\$ 2,500	\$ 2,500
			Subtotal Direct Cost	\$ 2,036,338
Remove Slurry Wall Cost from Bond because DPG Farms, LLC dedication of Patterson Ditch Shares	1	ls	\$ (1,533,240)	\$ (1,533,240)
Administration Costs DPG Farms, LLC dedication of Patterson Ditch Shares to Change to Augmentation	1	ls	\$ 150,000	\$ 150,000
			Total Direct Cost	\$ 653,098
			Overhead and Profit Cost (12.60%)	\$ 82,290
			Contract Cost	\$ 735,388
			Project Management (9.25%)	\$ 68,023
Total Required Financial Warranty For Phase 1				\$ 803,412



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Reclamation Bond Quantities and Costs

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18114 DPG Pit Rec Bond Calcs

Phase 2 - 19.94 acres (Mining Limits)

Reclamation Operation	Quantity	Unit	Unit Cost	Cost
Slurry Wall for Phase 2	3,021	lf	\$ 425.00	\$ 1,283,925
Scarifying - Disturbed Areas - Phase 2 Mining Limits and to Permit Boundary	24.08	ac	\$ 200	\$ 4,816
Topsoil Placement - Disturbed Areas - Phase 2 Mining Limits and to Permit Boundary	24.08	ac	\$ 1,800	\$ 43,344
Revegetate - Disturbed Areas - Phase 2 Mining Limits and to Permit Boundary	24.08	ac	\$ 1,000	\$ 24,080
Riprap Spillway Construction for Phase 2	3,116	cy	\$ 54.00	\$ 168,282
Dewatering of Pit for Phase 2	322.00	mg	\$ 400	\$ 128,800
Mobilization	1.0	ls	\$ 2,500	\$ 2,500

Total Direct Cost \$ 1,655,747

Overhead and Profit Cost (12.60%) \$ 208,624

Contract Cost \$ 1,864,371

Project Management (9.25%) \$ 172,454

Additional Financial Warranty Required For Phases 2	\$ 2,036,825
Cummulative Financial Warranty Required For Phase 1-2	\$ 2,840,237

Phase 3 - 55.69 acres (Mining Limits)

Reclamation Operation	Quantity	Unit	Unit Cost	Cost
Slurry Wall for Phase 3	5,546	lf	\$ 360.00	\$ 1,996,560
Scarifying - Disturbed Areas - Phase 3 Mining Limits outside stockpile processing area to permit boundary	48.70	ac	\$ 200	\$ 9,740
Topsoil Placement - Disturbed Areas - Phase 3 Mining Limits outside stockpile processing area to permit boundary	48.70	ac	\$ 1,800	\$ 87,660
Revegetate - Disturbed Areas - Phase 3 Mining Limits outside stockpile processing area to permit boundary	48.70	ac	\$ 1,000	\$ 48,700
Riprap Spillway Construction for Phase 3	10,857	cy	\$ 54.00	\$ 586,269
Dewatering of Pit for Phase 3	960.00	mg	\$ 400	\$ 384,000
Mobilization	1.0	ls	\$ 2,500	\$ 2,500

Total Direct Cost \$ 3,115,429

Overhead and Profit Cost (12.60%) \$ 392,544

Contract Cost \$ 3,507,973

Project Management (9.25%) \$ 324,488

Additional Financial Warranty Required For Phase 3	\$ 3,832,461
Cummulative Financial Warranty Required For Phase 1-3	\$ 6,672,698



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Reclamation Bond Quantities and Costs

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18114 DPG Pit Rec Bond Calcs

Phase 4 - 44.1 acres (Mining Limits)

Reclamation Operation	Quantity	Unit	Unit Cost	Cost
Slurry Wall for Phase 4	5,917	lf	\$ 542.00	\$ 3,207,014
Scarifying - Disturbed Areas - Phase 4 Mining Limits outside stockpile processing area to permit boundary	40.43	ac	\$ 200	\$ 8,086
Topsoil Placement - Disturbed Areas - Phase 4 Mining Limits outside stockpile processing area to permit boundary	40.43	ac	\$ 1,800	\$ 72,774
Revegetate - Disturbed Areas - Phase 4 Mining Limits outside stockpile processing area to permit boundary	40.43	ac	\$ 1,000	\$ 40,430
Riprap Spillway Construction for Phase 4	21,389	cy	\$ 54.00	\$ 1,155,012
Dewatering of Pit for Phase 4	808.00	mg	\$ 400	\$ 323,200
Mobilization	1.0	ls	\$ 2,500	\$ 2,500

Total Direct Cost \$ 4,809,016

Overhead and Profit Cost (12.60%) \$ 605,936

Contract Cost \$ 5,414,952

Project Management (9.25%) \$ 500,883

Additional Financial Warranty Required For Phase 4	\$ 5,915,835
Cummulative Financial Warranty Required For Phase 1-4	\$ 12,588,533

Phase 5 - 45.4 acres (Mining Limits)

Reclamation Operation	Quantity	Unit	Unit Cost	Cost
Slurry Wall for Phase 5	4,039	lf	\$ 190.00	\$ 767,410
Scarifying - Disturbed Areas - Phase 5 Mining Limits outside stockpile processing area to permit boundary	33.76	ac	\$ 200	\$ 6,752
Topsoil Placement - Disturbed Areas - Phase 5 Mining Limits outside stockpile processing area to permit boundary	33.76	ac	\$ 1,800	\$ 60,768
Revegetate - Disturbed Areas - Phase 5 Mining Limits outside stockpile processing area to permit boundary	33.76	ac	\$ 1,000	\$ 33,760
Riprap Spillway Construction for Phase 5	27,739	cy	\$ 54.00	\$ 1,497,909
Dewatering of Pit for Phase 5	685.00	mg	\$ 400	\$ 274,000
Mobilization	1.0	ls	\$ 2,500	\$ 2,500

Total Direct Cost \$ 2,643,099

Overhead and Profit Cost (12.60%) \$ 333,030

Contract Cost \$ 2,976,129

Project Management (9.25%) \$ 275,292

Additional Financial Warranty Required For Phase 5	\$ 3,251,421
Cummulative Financial Warranty Required For Phase 1-5	\$ 15,839,954