



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

1313 Sherman Street, Room 215
Denver, CO 80203

May 18, 2020

Nick Mason
New Elk Coal Company LLC.
12250 State Highway 12
Weston, Co 81091

RE: New Elk Mine, C-1981-012, Technical Revision 74 Application, Adequacy Review

Dear Mr. Mason

The Colorado Division of Reclamation, Mining, and Safety (“DRMS” or “Division”), received the above referenced application on April 16, 2020. The application was deemed complete and filed for review on April 24, 2020. The Division is required to issue a decision on the application by June 23, 2020. The following adequacy review items will need to be addressed prior to the Division’s approval of the application:

General Questions

1. Section 2.05 page 18 states “Technical Revision 75 provides...” Please revise this paragraph with the correct revision number.
2. Section 2.02-2 states “Approximately 4,150 ft. of road will be necessary”, however on several other pages throughout the application it is stated as being 10,200 ft. Please clarify how much new road is needed and ensure that it is the same throughout the application.

Rule 2.04.4 – Cultural and Historic Resource Information

3. The cultural and historic resource information contained in section 2.04.4 address the area affected by the mining operation or was planned to be affected in 1980, 1984 and 2011 and does not appear to evaluate the area proposed to be affected by TR74 for the drilling operation. Based on a cultural and historic resource survey, available information, including, but not limited to, data of State and local archaeological, historical, and cultural preservation agencies, please provide a description of the cultural and historic resources listed or eligible for listing on the National Register of Historic Places and significant known archaeological sites existing on the date of this revision application for all areas proposed to be affected in accordance with Rule 2.04.4. Enclosed is a comment letter from the State Historic Preservation Officer regarding the activities proposed by TR74.

Rule 2.05.3 – Operations Plan, Permit Area



4. Revised page 2.05-19 indicates drainage for the light use roads for the drill sites on the Bosque del Oso Lease is an SAE explained in Exhibit 19-20. A revision to this exhibit was not submitted with TR74. The SEDCAD demonstration in this exhibit is based on several assumptions including that existing roads are part of the proposed drill pads which may not be applicable to the proposed drill sites. Please provide a demonstration that sediment ponds and other treatment facilities are not necessary for the drainage to meet the effluent limitations of Rule 4.05.2 and the applicable State and Federal effluent limitations for the surface disturbance associated with the drilling sites in accordance with Rule 4.05.2(3).
5. Map 25 shows the configuration of a typical drill pad, it assumes a portion of the drill pad will be constructed using an existing road. As TR74 proposes new drill sites with new light use roads to be constructed to access them, this typical design may no longer be applicable. Please provide a plan for the proposed drill pads(s) associated with TR74.
6. Proposed Map 11 – Sheet 4 shows the profile view of various cross sections. Please specifically show the location of where these cross sections are taken from.

Rule 2.05.4 – Reclamation Plan

7. Proposed revised page 2.05 – 68, states that the proposed exploration holes will be plugged and capped unless they will be deepened or used for geotechnical testing or downhole surveys, or will be converted to monitoring wells. Please clearly commit to plugging and sealing all exploration drill holes in accordance with Rule 4.07.3 when no longer used. Also clearly commit to revising the water monitoring plan if any of the proposed drill holes will be converted to monitoring wells. Until such time, DRMS will require each of these drill holes to be plugged and sealed when no longer needed.

Cost Estimate

8. Attached to this adequacy review is the Division's cost estimate. The Division estimates the total liability for the exploration to be **\$42,842.00**. Please let DRMS know if you concur with the estimate.

This concludes the Division's preliminary review of the technical revision application. The Division is required to issue a decision on the application by June 23, 2020. The adequacy issues listed above must be addressed to the Division's satisfaction prior to the decision date. If you need additional time to address these issues you must request an extension of the decision date. Please be aware that the Division will deny the application if outstanding adequacy issues remain when the decision date arrives or inadequate time is provided for the Division to review the response to the adequacy items.

If you have any questions, please contact me at daniel.cunningham@state.co.us or (303) 866-3567 Ext. 8126.

Sincerely,

New Elk Coal Company

May 18, 2020

Page **3** of **7**

A handwritten signature in blue ink, appearing to read "Daniel Cunningham".

Daniel J. Cunningham

Environmental Protection Specialist

Enclosure: State Historic Preservation Office Comment Letter, signed May 13, 2020

EC: Jared Ebert, Division of Reclamation, Mining & Safety

COST SUMMARY WORK

Task description: Exploration

Site: New Elk Mine Permit Action: TR-74 Permit/Job#: C1981012

PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None
Date: 5/15/2020 County: Las Animas Filename: C012-000
User: DC1

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Total Cost	BOREHOLE	1	60.00	\$35,889
002	Mobilization	MOBILIZE	1	4.18	\$3,578
<u>SUBTOTALS:</u>				64.18	\$39,467

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02	Total = \$797
Performance bond: 1.05	Total = \$414
Job superintendent: 2.60	Total = \$180
Profit: 10.00	Total = \$3,947

TOTAL O & P = \$5,339

CONTRACT AMOUNT (direct + O & P) = \$44,806

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$0	Total = \$0
Engineering work and/or contract/bid preparation: 4.25	Total = \$1,904
Reclamation management and/or administration: 5.00	Total = \$2,240

CONTINGENCY: 0.00 Total = \$0

TOTAL INDIRECT COST = \$9,483

TOTAL BOND AMOUNT (direct + indirect) = \$48,950

BOREHOLE SEALING WORK

Task description: Total Cost

Site: New Elk Mine Permit Action: TR-74 Permit/Job#: C1981012

PROJECT IDENTIFICATION

Task #: 001 State: Colorado Abbreviation: None
Date: 5/15/2020 County: Las Animas Filename: C012-001
User: DC1

Agency or organization name: DRMS

UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
Total depth for all Drilling	SCHRAMM T450WS	5	3850	51.30	EA	\$361.11	\$18,524.94
Water Truck for all time	Water Tanker, 10,000 Gal.	5	3850	51.30	EA	\$193.37	\$9,919.88
Plug	PVC plug - 6 in. diameter borehole	5	NA	8.00	EA	\$58.97	\$471.73
Marker	Borehole location/identification marker (EA, material cost only)	NA	NA	8.00	EA	\$32.00	\$256.00
Cement	Portland cement grout (Bag, material cost only...94 lb. bag)	5	3850	117.00	bag	\$13.40	\$1,567.80
Drill Pad Reclamation	Cat D6T LGP	NA	NA	16.00	EA	\$161.95	\$2,591.20
Road Reclamation	Cat D6T XL	NA	NA	16.00	EA	\$159.87	\$2,557.92

Job Hours: 60.00 Total Cost: \$35,889.00

EQUIPMENT MOBILIZATION/DEMOBILIZATION

Task description: **Mobilization**

Site: New Elk Mine Permit Action: TR-74 Permit/Job#: C1981012

PROJECT IDENTIFICATION

Task #: 002 State: Colorado Abbreviation: None
Date: 5/18/2020 County: Las Animas Filename: C012-002
User: DC1

Agency or organization name: DRMS

EQUIPMENT TRANSPORT RIG COST

Shift basis: 1 per day
Cost Data Source: CRG Data

Truck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)

Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT
TRAILER (25T, 50T, AND 100T)

Cost Breakdown:

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$17.20	\$29.63	\$38.69
Operating Cost/Hour:	\$26.56	\$47.02	\$55.69
Operator Cost/Hour:	\$23.63	\$23.63	\$23.63
Helper Cost/Hour:	\$0.00	\$23.53	\$23.53
Total Unit Cost/Hour:	\$67.39	\$123.81	\$141.54

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
SCHRAMM T450WS	0.00	\$113.31	\$67.39	1	\$180.70	\$67.39	\$250.00
Water Tanker, 10,000 Gal.	41.10	\$68.95	\$123.81	1	\$192.76	\$123.81	\$250.00
Cat D6T LGP	26.87	\$59.16	\$123.81	1	\$182.97	\$123.81	\$250.00

Subtotals: **\$556.43** **\$315.01** **\$750.00**

ROADABLE EQUIPMENT:

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$12.96	1	\$12.96	\$12.96

Subtotals: **\$12.96** **\$12.96**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	TRINIDAD	
Total one-way travel distance:	30.00	miles
Average Travel Speed:	55.00	mph

Total Non-Roadable Mob/Demob Cost *	\$3,563.52
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$14.14
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.55	0.55
Return Time (Hours):	0.55	0.55
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	2.09	1.09

JOB TIME AND COST

Total job time:	4.18	Hours
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Total job cost:	\$3,578
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