



COLORADO

Division of Reclamation,
Mining and Safety

Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

September 30, 2021

Colorado Water Protective and Development Association
Attn: Kent Ricken
205 South Main Street
Fowler, CO 81039

RE: Pueblo East Pit (M-1986-015) and Pueblo West Pit (M-1977-573), Financial Warranty Proposal for Succession of Operators Applications (SO4)

Dear Kent Ricken,

The Colorado Division of Reclamation, Mining and Safety (DRMS or Division) has reviewed the proposal for the use of Deed of Trust, or security agreements encumbering portions of real property (land and water shares) as a form of financial warranty for the above referenced sites. Colorado Water Protective Development Association's (CWPDA) proposal would encumber 514.3 acres of land and 87.354 shares in the Bessemer Irrigation Ditch Company. According to CWPDA's proposal, the value of these items totals \$4,090,000.00. Based on the approval of Amendment No. 5 (AM5) for the Pueblo East Pit, the required surety is set at \$3,758,100.00. The current required surety for the Pueblo West Pit is \$343,323.00. The current proposal does not cover the liability for both operations.

CWPDA's proposal does not comply with the requirements of 34-32.5-117(3)(b) C.R.S. and Rule 4.9.1. Also, in accordance with Rule 4.1.2(8)(c) the Board or Office may refuse to accept any type of financial warranty if, the financial warranty offered cannot be reasonably converted to cash within one hundred and eighty (180) days of forfeiture. See also, 34-32.5-117(c)(II) C.R.S. The Division finds that the proposed financial warranty cannot be reasonably converted to cash within the time specified by Rule 4.1.2(8)(c) and therefore will not accept this form of warranty.

For the Pueblo East Pit (M-1986-015), please provide another form of financial warranty by October 25, 2021. If another form of financial warranty is not submitted and accepted by this date, the Division shall deny the SO4 application for this site.

For the Pueblo West Pit (M-1977-573), the SO4 application has not been deemed complete as of the writing of this letter. Please submit a financial warranty of a different form for this application.

Should you have any questions, please contact me at Jared.Ebert@state.co.us or at (303) 866-3567 ext. 8120.

Sincerely,

Jared Ebert
Senior Environmental Protection Specialist



ec: Patrick Lennberg, DRMS
Sara Stevenson-Benn, DRMS

cc: Continental Materials Corporation
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