



STATE OF
COLORADO

Ebert - DNR, Jared <jared.ebert@state.co.us>

New Elk Mine, C-1981-012, Midterm Review No. 8 (MT8)

nmason@newelkcoal.com <nmason@newelkcoal.com>

Thu, Sep 30, 2021 at 9:51 AM

To: "Ebert - DNR, Jared" <jared.ebert@state.co.us>

Jared,

Attached is the New Elk Coal Company Response Letter for Permit (C-1981-012) Midterm Review No. 8 (MT 8) regarding the bond increase. If you have any questions please let me know.

Thanks,

Nick

Nick Mason

New Elk Coal

719-631-6146

nmason@newelkcoal.com

From: Ebert - DNR, Jared <jared.ebert@state.co.us>

Sent: Sunday, August 29, 2021 7:20 AM

To: larrycookconsulting@yahoo.com

Cc: Nick Mason <nmason@newelkcoal.com>; DNR_DRMS_Coal_Admin <dnr_drms_coal_admin@state.co.us>

Subject: New Elk Mine, C-1981-012, Midterm Review No. 8 (MT8)

Hello Mr. Cook,

Attached is the Division's Midterm Review for the New Elk Mine. Please let me know if you have any questions.

Thank you,

Jared

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Jared Ebert

Senior Environmental Protection Specialist

***I am working remotely, please feel free to call my cell at (720) 413-6466**



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

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New Elk response letter CDRMS Bond Review 20210930.pdf

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September 30, 2021

Mr. Jared Ebert
Senior Environmental Protection Specialist
Colorado Division of Reclamation, Mining and Safety
1313 Sherman Street, Room 215
Denver, Colorado 80203

RE: New Elk Mine, C-1981-012, Mid-Term Review #8 (MT8), Bond Calculation Review

Dear Mr. Ebert,

We have completed our preliminary review of Section VI – Determination of Bond Amount of MT8 and have the following comments:

1. The increase in bond amount from \$4,605,014.08 (calculated as of December, 2018) to \$5,206,046.00 (calculated as of August, 2021) represents an increase of \$601,031.92 or 13.1% in the estimated bond amount required. This is well above the Bureau of Labor Statistics increase in PPI index for Construction Services of 8.09% over the same period of time.
2. For this reason, we would request additional explanation of the differences in the following task items in the calculation details:
 - a. Tasks 017 and 018 appear to be duplicates.
 - b. Tasks 001 to 016 (Dozer work) increased by an average of 27%, which does not appear to be in line with our understanding of the actual cost increase based on the PPI index.
 - c. Tasks 019 to 027 (Truck work), 028 to 029 (Demolition work), 033 to 049 (Scraper work), and Tasks 058 to 063 (Ripper work) all had increases well above the amounts that would be expected based on the PPI index.
 - d. Task 031 (Plug and Seal Boreholes) increased by 93%.
 - e. Task 032 (Seal addition wells) increased by 74%.
 - f. Task 051 (Mine Seal) increased by 50%.

While we understand that there have been increases in the cost of certain materials and supplies, these increases seem to be out of line when compared to generally accepted indices. New Elk would appreciate the opportunity to discuss these further. Please call or email with any questions.

Regards,

Nicholas Mason
Mine Engineer