



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

August 3, 2022

Scott Davis
Schmidt Construction Company
2635 Delta Dr.
Colorado Springs, CO 80910

**Re: Fountain Pit, Permit No. M-1982-155;
Technical Revision (TR-3), Preliminary Adequacy Review**

Dear Mr. Davis,

The Division of Reclamation, Mining and Safety (DRMS) received a request for a Technical Revision (TR-3) addressing the following:

Update and Modernize the 36 Year old permit.

The submittal was called complete for the purpose of filing on July 5, 2022. The **decision date for TR-1 is August 4, 2022**. Please be advised that if you are unable to satisfactorily address any concerns identified in this review before the decision date, **it will be your responsibility to request an extension of the review period**. If there are outstanding issues that have not been adequately addressed prior to the end of the review period, and no extension has been requested, the Division may deny this Technical Revision.

The following comments are based on the DRMS review of the request for TR-3 and the information requested as part of the Corrective Action for the problem cited in the DRMS site March 15, 2022 inspection report dated:

- 1) Exhibit D, Summary of Boundary Definitions: Paragraph 1B states the affected area boundary can change, but never exceed the permit boundary. While the latter phrase is correct, the DRMS wishes to clarify this statement: a) the affected area boundary for this permit is the same as the permit boundary; b) both boundaries can be revised (increased), but only through the amendment process. No response is necessary
- 2) Exhibit D, Amount of New Land Opened for Mining at One Time: Paragraph 1 on p. 3 indicates on average about 15 acres is stripped at a time. No other estimates of disturbed area could be located in Exhibits D or E. The 2021 annual report states 302.5 acres are affected. The DRMS estimates at least 225 to 250 of these affected acres need to be



seeded, or will need to be reseeded after reclamation grading is completed (this accounts for topsoil stockpiles that will be moved). Additional overburden stockpiles that are currently vegetated may also need to be used for backfill and eventually reseeded. Please provide a complete outline of the maximum acreage that disturbed at one time (see Comment #8 below for updates to Exhibit L).

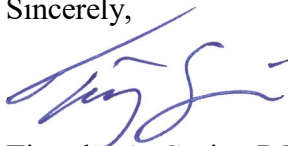
- 3) Exhibit D, Topsoil and Overburden Removal and Stockpiling: Paragraph C on p. 3 states stockpiling will be done near the location where it will be used for reclamation. Please provide an average or typical distance for the purpose of estimating hauling or pushing distances.
- 4) Exhibit D, Wash Plant: The third paragraph A) on p. 4 states a new wash plant is expected to be brought online in 2022. The DRMs approved a wash plant revision with the submittal of TR-2 in 1998. No impact to the financial warrantee was indicated at the time. If the wash plant facility is considered portable (i.e., it can be easily placed on a flat bed or wheels attached to the structure and it can be pulled off site), then the DRMS will not require bonding for demolition and disposal. Please indicate whether or not the new wash plant is portable. If the wash plant is not portable, please provide dimensions of the structure(s) for the purpose of estimating demolition costs. [*Note: the approval of TR-2 included the following stipulation: The water secured by the operator for use in the proposed wash plant must meet the requirements of applicable Colorado water laws and regulations*]
- 5) Exhibit D, Conveyors: The second paragraph D on p. 4 mentions conveyors used to transport materials. Based on Google Earth imagery and photographs taken during the March 15, 2022 inspection, it appears two existing conveyor lines totaling about 900 feet are fixed (i.e., not portable). The DRMS will need to hold an appropriate bond for demolition and removal of these and future conveyors. Please indicate whether or not the two existing segments (a north-south line of approximately 500 feet and an east-west line of approximately 375 feet) are portable. If they are not portable, please provide lengths and belt widths.
- 6) Performance Warranty clarification: The third paragraph on p. 9 states “the Performance Warranty guarantees that even if the bond is insufficient Schmidt and/or its parent company will complete the reclamation or provide the funds to have that done.” While this is technically correct, it is not practical as it is typically when a Permittee defaults that the DRMS has to revoke the permit and forfeit the bond, in which case the Permittee would not have the funds to provide any extra needed for reclamation. For this reason, the DRMS monitors how much bond is required for reclamation and works to ensure the appropriate amount is posted. No response is necessary.
- 7) Highwall Configuration: An important consideration in the reclamation cost estimate is the configuration, heights and lengths of the highwalls during typical mining operations. During a telephone call with Mr. Mark Heifner on August 2, 2022 it was conveyed that current operations strip overburden and topsoil to a depth of 8 to 10 feet leaving a vertical highwall, whereas the product mined is accomplished in two sequential lifts varying between 15 and 30 feet (also a near vertical highwall), depending on the depth of the deposit. In addition, a perimeter road is constructed at the base of the overburden/topsoil layer which transitions to the bottom of the first lift mined at a slope of roughly 1H:1V, requiring less backfill for reclamation. Furthermore, as there is a geometric increase in the amount of cut/fill needed for highwall reduction as the height increases, it would likely be advantageous, more accurate and less costly for reclamation bonding to break out the three

different highwall configurations {i) overburden/topsoil, ii) perimeter road, and iii) production highwall}. Please confirm your wish to proceed in this manner and provide typical heights and maximum lengths for each type of highwall (also include the slope, e.g., near vertical or angle of repose).

- 8) Maximum Disturbance Area/Exhibit L: Amendment 2 (AM-2) approved in 1986 indicated no more than 40 acres would need seeding at any given time. The latest annual report (December 2021) states the disturbed area at the time was 302.5 acres. Based on Google earth images and the topsoil stockpiles identified on the 2021 annual report map, the DRMS estimates there is 200 acres that require seeding and another 25 to 50 acres that will need reseeding after existing topsoil and/or overburden stockpiles and used for reclamation. As the 40-acre limit has been exceeded, Exhibit L needs to be updated to reflect current conditions and the bond adjusted accordingly. Please provide an updated Exhibit L to reflect this and other reclamation tasks discussed in this adequacy letter.
- 9) Drainage: As part of the aforementioned phone call with Mr. Heifner, the final reclamation disposition of the sediment/wash ponds north of the truck scale were discussed. Mr. Heifner indicated he planned to perform investigations of these ponds related to wetland plants and the basin floors suitability for grazing later this month. The DRMS concurs that his investigation will be beneficial in determining an appropriate reclamation plan for this roughly 10-acre area. The DRMS agreed to accept a 45-day extension to the decision date for this TR to accommodate this investigation. Please provide a letter requesting the agreed upon extension prior to the August 4, 2022 decision date.
- 10) Exhibit E, Drainage Control: Paragraphs 3A and 3B on p. 5 of Exhibit E discusses two options for site drainage control for final reclamation. The DRMS accepts the underlying gravels are likely sufficient to empty collected water in accordance with the time allowed by water law, given the currently available information. If information obtained in the future as mining progresses to the south proves to be false, a permit revision will need to be submitted to revise the drainage plan accordingly at that time. No response is necessary.

If you have any questions, please contact me at (303) 328-5229.

Sincerely,



Timothy A. Cazier, P.E.
Environmental Protection Specialist

ec: Michael Cunningham, DRMS
DRMS file
Mark Heifner, Consultant