



August 10, 2023

Mr. Eric Scott, Environmental Specialist
Colorado Division of Reclamation, Mining and Safety
1313 Sherman Street – Room 213
Denver, Colorado 80203

**RE: Colorado Sand Company LLC – Permit No. M2019-058: Keenesburg No. 2 Mine
Technical Revision 01: Addition of Secondary Commodity (Clay)**

Dear Mr. Scott:

Colorado Sand Company LLC (CSC) is the holder of DRMS Permit No. M2019-058, a 112(C) Construction Material permit authorizing the mining, processing, and sale of industrial sand products from the Keenesburg No. 2 Mine, located approximately 1-1/2 miles north of the Town of Keenesburg in Weld County, Colorado.

As per “Exhibit D – Mining Plan” of the approved Permit, the Keenesburg No. 2 mine is an open-cut industrial sand mining operation that will employ a continuously advancing pit with concurrent reclamation occurring behind and following the mining of the sand.

Subsequent to Permit No. M2019-058 approval, and concurrent with the onset of early-stage mining activities, CSC has identified one or more market opportunities for a by-product of the industrial sand mining, that being the clay or clay-like materials which occur as isolated lenses and/or at boundary zones within the sand deposit. Per the approved Permit, this clay or clay-like material is considered (and managed) as a waste material, and more specifically, it is incorporated into pit backfilling activities when and as encountered.

In accordance with Rule 6.4.4, and more specifically, as contained within sub-part (g) of Exhibit D, CSC identified the primary commodity to be mined at the Keenesburg No. 2 Mine to be “industrial sand”. However, within sub-part (g), CSC also retained the right to market “any off-specification, reject, or wash product waste materials generated as a result of the processing operations...”; and, within sub-part (h) of Exhibit D, CSC similarly retained the right to sell “coarse product” or “oversized material” as an “incidental product”. While no such reservation of rights was proclaimed specific to “clay” or “clay-like materials”, the addition of such as a secondary commodity is not inconsistent with the intent of the declaration(s) of Sub-Parts (g) and (h). Therein, and more specifically, within sub-part (g) of the Permit application, CSC indicated that any change or increase in the number of marketable commodities would be addressed through a Technical Revision to the Permit. Thus, CSC hereby seeks authorization from DRMS to allow such via approval of this Technical Revision.

CSC envisions no significant effect to the mine plan or post-mining topography or conditions resulting from the addition of a secondary commodity which would be produced on an as-needed, demand-driven basis. Based on earlier exploration drilling results, CSC anticipates that mining will encounter clay “lenses” at random locations and/or depths as a routine component of operations, which, as indicated above, would otherwise become “waste” material during the sand processing operations. From an



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operational perspective, the perched “lenses” would be the preferred/primary source of these materials. However, if perched lenses prove insufficient to meet demand requirements, it is anticipated that additional clay or clay-like materials will be present (and exposed) in the established pit floor, and these materials would be similarly available for direct recovery.

In summary, a Technical Revision to the DRMS Permit to allow recovery of clay or clay-like materials as a secondary commodity would benefit CSC by expanding the realm of marketable material, as well as by increasing plant efficiency, as such would reduce the amount of discard fines generated through processing operations over the life-of-mine.

CSC is of the opinion that this beneficial modification to the Permit would exert no material effect on either the mining operations, reclamation plan, or other Permit conditions.

Please advise CSC on the status of approval of this Technical Revision request at your earliest convenience. If there are any questions or additional information requirements, please feel free to contact the undersigned at (970) 978-9858 or via email (breece@capitalsand.com). We wish to thank the Division in advance for due consideration of this Technical Revision application.

Sincerely,

Colorado Sand Company LLC

Brady Reece
Chief Commercial Officer

cc: D. Patterson
J. M. Beck