



September 20, 2023

Colorado Division of Reclamation, Mining and Safety

Attn: Mr. Joel Renfro

1001 E. 62nd Ave., Rm 215

Denver, CO 80216

RE: Corrective Actions, Permit No. M2009-077, Dill Pit DRMS Proposed Bond Increase

Dear Mr. Renfro,

Thank you for giving us the opportunity to respond to the Colorado Division of Reclamation, Mining and Safety's (CDRMS) proposed new bond calculation.

Corrective Action: *The Division has re-evaluated the required financial warranty for reclaiming the site in accordance with the approved reclamation plan (see enclosed bond estimate). Any comments regarding the Division's bond estimate and/or evidence demonstrating reclamation work has been completed shall be submitted by the corrective action due date. If, by the corrective action due date, no comments or additional information has been received, a notice of surety increase will be mailed to the operator for the amount shown in the enclosed bond estimate. The operator will have 60 days from the date on the surety increase notice to post the additional financial warranty."*

Response Comments on the new bond calculation:

We believe the estimated bond amount calculated by the CDRMS is on the high side of what is necessary for site reclamation. Based on a statistical analysis of ten sand and gravels operations in Elbert, Lincoln, and Washington Counties, the mean is \$1,701.62 and standard deviation is \$836.89 to \$2,566.35, per acre of disturbance.

The DRMS proposed bond for the Grimes site is \$2,951.10/A, well outside the one standard deviation of \$2,566.35/A. The site reclamation bid we received for the site equates to \$1,724/A, greater by a few dollars than the mean for the three-county area sampled.

We understand that a bond is unique to each mine site. Our analysis assumes the ten sampled sites are approximately up to date as to their required bond amounts. The attached spreadsheet shows the sites within the three counties we used in the sample. All are sand and gravel operations and include all private mine sites, and no 111 Special Operations.



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We also appreciate the incredibly detailed bond calculation software the Division has at its disposal to calculate an estimated bond. We do not have access to the Division's bond software and so used a statistical method as a means to give some estimate as to the range of bonds in the three-county area. We also understand a bond can vary by various factors used to calculate a bond, such as the seed mix, depth of topsoil used, haul distances for grading and topsoil replacement, types of earth moving equipment used, etc. we therefore request the CRMD's reconsider. For example, the Colorado Construction Group (CCGI) bid uses a 764 HSD for all the dirt work. The DRMS proposes a Cat DST – 8SU for pushing material and a CAT 950H for topsoil replacement. Question, is a 764 HSD a more efficient and less expensive method to not only do the regrading of the slopes, but also a less expensive method to replace topsoil? It is our understanding from the bond work sheets that the DRMS proposes a loader and truck operation for placement. Given all the material is adjacent to the areas for reclamation, the CCGI proposal will simply push the material onto the area being reclaimed, and not have to use a truck and loader operation to move material.

Further, the proposal we received from CCGI uses a petroleum drill site seed mix for our reclamation. It may be a cheaper mix and if so, we may want to change our approved seed mix for a less expensive seed mix. If that is the case, we would submit a technical revision.

In addition, there is a significant difference in the mob/demobilization cost between the CCGI dollar amount and what the DRMS figured by \$2,784. We request the DRMS to use a local contractor, such as CCGI, for their mob/demobilization cost. (We understand that the DRMS must bid reclamation jobs and there is no guarantee CCGI will be the contractor of choice. However, please take into consideration the use of a local contractor which should result in a lower mob/demobilization cost.

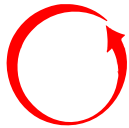
We also understand some of our requests may not seem like a major dollar difference. However, when the direct cost is then multiplied by the indirect cost factor, it could make a significant difference in the dollar amount we would have to post with the Mind Land Reclamation Board.

We appreciate your time and consideration in reducing our bond to a more agreeable amount and in line with what is required from other commercial operators in the area.

Respectfully.

H. Bruce Humphries

Regulatory Permits Management, Inc.
Consultant to Ed and Tracy Grimes



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Cc: Tracy and Ed Grimes

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Encl: Spread sheet – comparison of Dill Pit Bond increase to other regional operations.

Comparison of Dill Pit Bond increase to other operations.:

	B	C	D	E	F	G	H	I
	DRMS Bond Amount (from Inspection Report 7/19/2023)		Colo Const. Group Bid	Operation Location	Permit No.	Regional S & G operation per acre cost(X) (total bond /total acres)	X squared	(EX)squared
2								
3	\$42,791.00 Per A cost \$2951.10		\$25, 000 bid, 1724.14/Ac	Elbert Co	M1985-129	\$ 937.61	879,112.51	
4				Elbert Co	M1985-003 (a)	\$ 1,831.08	3,352,853.97	
5				Lincoln Co	M1982-112	\$ 2,119.16	4,490,839.11	
6				Lincoln Co	M2019-008	\$ 532.32	283,364.58	
7				Lincoln Co	M2013-080	\$ 2,206.76	4,869,789.70	
8				Lincoln Co	M2012-013	\$ 1,508.51	227,560.42	
9				Washington Co	M2008-060	\$ 3,060.05	9,363,906.00	
10				Washington Co	M1986-124	\$ 757.58	573,927.46	
11				Washington Co	M2005-032	\$ 3,333.33	11,111,088.89	
12				Washington Co	M1981-309	\$ 729.83	532,651.83	
13					SUM	\$ 17,016.23	35,685,094.47	289552083.4
14	NOTES:				n-10	Mean cost/A =	\$1701.62	
15	(a) According to the DRMS inspection report, only 6.5 A remain.							
16	All listed operations are S & G operations, no 111 special operations					plus - minus 1 Standard Deviation (s) = \$864.73		
17	We assume all 10 site's bonds are approximately up-to-date.							
18	There is nothing unique or unusual about the Grimes Rec Plan that					1 (s) from the Mean cost/ A equals \$836.89/A to \$2566.35A		
19	should result in an above average bond.					The Mean cost/A based on 10 State Bonds is \$1,701.62/A		
20						The bid received is \$1,724.14/A		
21						The Direct Costs from the State is \$2,951.10/A		
22						The State bond lies outside 1 Standard Deviation,		
23						and may be too high.		

$$s = \sqrt{\frac{\sum x^2 - (\sum x)^2}{n-1}}$$

s = Standard Deviation

