

STATE OF
COLORADO

Gagnon - DNR, Nikie <nikie.gagnon@state.co.us>

Re: Tucson South Inspection Report and Cost Estimate

1 message

Gagnon - DNR, Nikie <nikie.gagnon@state.co.us>
To: Wyatt WEBSTER <wyatt.webster@holcim.com>

Mon, Dec 16, 2024 at 2:18 PM

Hi Wyatt.

I discovered a mistake on the Reclamation Cost Estimate Summary sheet I sent to you on Friday. The new bond estimate is actually \$983,310.00, which is an increase of \$149,310.00 from the current bond amount of \$834,000.00. The supporting documentation for each task is correct in the one I sent out to you, but for some reason the summary page didn't update correctly. The new estimate summary is attached.

The revised inspection report is also attached which shows the correct bond amount required.

Sorry I didn't catch this before I sent it out last week. Please call me if you have any questions or concerns about the bond estimate.

Kind regards,

Nikie Gagnon

On Mon, Dec 16, 2024 at 10:58 AM Wyatt WEBSTER <wyatt.webster@holcim.com> wrote:

Thanks Nikie,

I'll go ahead and request the increased bond rider to \$924,944.00. I still couldn't find any documentation on the laserfische. Can you send that to me again?

Thank you,

Wyatt Webster | Environmental and Land Manager

Holcim Group | Holcim - WCR, Inc.

Address: 1687 Cole Blvd., Suite 300

Golden, CO 80401

Office & Mobile: (702) 379-4623

Email: Wyatt.Webster@holcim.com

On Mon, Dec 16, 2024 at 8:29 AM Wyatt WEBSTER <wyatt.webster@holcim.com> wrote:

Hi Nikie,

The current bond of \$3,505,000.00 (attached from AM-01). Wouldn't this be a reduction then?

Wyatt Webster | Environmental and Land Manager

Holcim Group | Holcim - WCR, Inc.

Address: 1687 Cole Blvd., Suite 300

Golden, CO 80401

Office & Mobile: (702) 379-4623

Email: Wyatt.Webster@holcim.com

On Fri, Dec 13, 2024 at 8:14 PM Gagnon - DNR, Nikie <nikie.gagnon@state.co.us> wrote:

Hi Wyatt.

Please see the attached report for the October 30, 2024 inspection of the Tucson South mine site. As you know, part of our process is recalculating the bond after an inspection. In this case, the reclamation estimate increased since it was last calculated in 2021. Please review the estimate and reach out to me by January 6, 2025 if you have any questions about the revised bond estimate.

Best regards,

Nikie Gagnon

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Nikie Gagnon
Environmental Protection Specialist



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

Cell: 720.527.1640

Physical: 1313 Sherman Street, Room 215, Denver, CO 80203

Address for FedEx, UPS, or hand delivery:

DRMS Room 215, 1001 E 62nd Ave, Denver, CO 80216

nikie.gagnon@state.co.us | <https://www.drms.colorado.gov>

2 attachments



INSP-REPORT_M2004044_Tucson South_2024.pdf

5796K



M2004044_Tucson South_2024 Cost Estimate_summary.pdf

156K

COST SUMMARY WORK

Task description: Reclamation Cost Estimate

Site: Tucson South Resource

Permit Action: 2024 Inspection

Permit/Job#: M2004044

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 12/13/2024

County: Adams

Filename: M044-000

User: NCG

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Backfill remaining East Cell mining face and slide slopes	LOADER	2	78.41	\$47,506
002	Rough grade disturbed area in East Cell (85' x 2300')	GRADER	1	1.95	\$715
003	Replace topsoil on backfilled mining cell area above HWL	SCRAPER1	1	45.69	\$102,552
004	Final grade East Cell (85' x 2300') + (800'+100')	GRADER	1	2.76	\$1,010
005	Replace topsoil on internal haul roads and main site ent.	SCRAPER1	1	1.82	\$4,081
006	Replace topsoil on conveyor route	SCRAPER1	1	9.54	\$21,411
007	Replace topsoil on stockpile areas	SCRAPER1	1	3.03	\$6,801
008	Scarify internal haul roads and conveyor route	GRADER	1	3.62	\$1,325
009	Final grade all miscellaneous areas (8.3 acres x .5')	GRADER	1	3.62	\$1,312
010	East Slurry Wall Contingency	NA	1	0.00	\$145,800
011	Remove Tucson St Crossing	NA	1	0.00	\$41,954
012	Remove 168th Crossing	NA	1	0.00	\$37,005
013	Remove WCR 23.75 Crossing	NA	1	0.00	\$21,816
014	Remove Aurora Crossing	NA	1	0.00	\$15,000
015	Remove Struck Crossing	NA	1	0.00	\$15,000
016	Remove Remaining Conveyor	DEMOLISH	1	80.00	\$148,297
017	Revegetation of Affected Land	REVEGE	1	80.00	\$154,253
018	Mobilization	MOBILIZE	1	8.76	\$38,922
<u>SUBTOTALS:</u>				319.2	\$804,760

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02

Performance bond: 1.05

Job superintendent: 159.60

Profit: 10.00

Total = \$16,256

Total = \$8,450

Total = \$12,651

Total = \$80,476

TOTAL O & P = \$117,834

CONTRACT AMOUNT (direct + O & P) = \$922,594

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): \$500

Total = \$500

Engineering work and/or contract/bid preparation:	<u>2.00</u>	Total =	<u>\$18,452</u>
Reclamation management and/or administration:	<u>1.91</u>		<u>\$17,622</u>
CONTINGENCY:	3.00	Total =	<u>\$24,143</u>
		TOTAL INDIRECT COST =	<u>\$178,550</u>
		TOTAL BOND AMOUNT (direct + indirect) =	<u>\$983,310</u>



COLORADO


Division of Reclamation,
Mining and Safety

Department of Natural Resources

MINERALS PROGRAM INSPECTION REPORT

PHONE: (303) 866-3567

The Division of Reclamation, Mining and Safety has conducted an inspection of the mining operation noted below. This report documents observations concerning compliance with the terms of the permit and applicable rules and regulations of the Mined Land Reclamation Board.

MINE NAME: Tucson South Resource	MINE/PROSPECTING ID#: M-2004-044	MINERAL: Sand and gravel	COUNTY: Adams
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: October 30, 2024	INSP. TIME: 08:30
OPERATOR: Holcim - WCR, Inc.	OPERATOR REPRESENTATIVE: Wyatt Webster	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete Bond	BOND AMOUNT: \$834,000.00	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Nikie Gagnon	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: December 16, 2024	

The following inspection topics were identified as having Problems or Possible Violations. OPERATORS SHOULD READ THE FOLLOWING PAGES CAREFULLY IN ORDER TO ASSURE COMPLIANCE WITH THE TERMS OF THE PERMIT AND APPLICABLE RULES AND REGULATIONS. If a Possible Violation is indicated, you will be notified under separate cover as to when the Mined Land Reclamation Board will consider possible enforcement action.

INSPECTION TOPIC: Financial Warranty

PROBLEM: The financial warranty is not adequate to reclaim the site in accordance with the approved reclamation plan. This is a failure to maintain the proper financial warranty amount to complete reclamation of the affected lands pursuant to C.R.S. 34-32.5-117(4)(b) of the Act.

CORRECTIVE ACTIONS: The Division's reclamation cost estimate is enclosed with this report for the Operator's review. The Division requests that any questions or concerns regarding the estimated liability level be forwarded to the Division by January 6, 2025. The Division may issue a surety increase revision after January 6, 2025. In accordance with Rule 4.2.1(2), Holcim -WCR will have 60 days from the date on the surety increase notice to post the additional financial warranty.

CORRECTIVE ACTION DUE DATE: 1/06/25

OBSERVATIONS

The Tucson South Resource mine was inspected by Nikie Gagnon representing the Division of Reclamation, Mining and Safety (Division) as part of the Division's normal monitoring inspection program. Wyatt Webster representing Holcim-WCR, Inc. accompanied the Division during the inspection. The site is located approximately 1 mile west of the City of Brighton on E. 106th/CO Hwy 7. The operation permitted to affect 287.60 acres. The post-mine land use is developed water resources and pasture.

Gen. Compliance With Mine Plan:

Mining will occur in two phases in the west and east mining areas. The two areas are separated by Tucson Street, which runs north/south between the two mining areas. In the summer of 2022, slurry walls were installed in both mining areas to allow the site to be used for developed water resources upon closure (Reservoir A and B). According to the Operator, mining in the west side is nearing completion and reclamation work should be complete by the end of 2025. During this inspection, the Division observed active mining in the west area. An excavator was noted loading material into a haul trucks. Stockpiles of mined material are stored in the pit along with overburden. The Division observed an operator grading the south perimeter of the mined area to 3h:1V slope.

The east mining area was observed during this inspection. In preparation for mining, the operator started clearing vegetation and removed trees on the east side in 2023, outside the raptor nesting season. During the inspection, the Division observed an eagle roosting in a tree near the office and another flying around the east mining area.

Screening berms are well vegetated and line the south end of the east and west mining areas, along Highway 7. Trees have been planted in front of the topsoil berms for aesthetics and visual mitigation along Highway 7.

Material from the mine site is transported via a 0.7-mile conveyor to the Wattenberg Pit north of Tucson South, where the material is processed. The conveyor system was not operating during this inspection. Silt fences were observed installed along the conveyor route protecting the adjacent agriculture field from erosion. Area K located on the west side of the permit area, is included in the permit boundary, however, according to the operator, this area will not be disturbed or mined. No disturbance was observed in this area.

The operator continues to monitor air quality to ensure to compliance with the Adams County Conditional Use Permit. During the inspection, the Division observed a wind sensor in the southwest corner of the west mining area. The winds were calm, and dust was not observed blowing around the site.

Hydrologic Balance:

When encountered, groundwater in the west mining area is pumped to a settling pond located in the northeast corner of the east mining area. The ponds discharge to the South Platte River. During this inspection, except for a small amount of water in dewatering trenches along the east side of the active mining area, the west mining area was dry. A small pool of water was observed near the sump in the west mining area. The pump was not operating. The Division observed the settling pond in the east mining area. No water was observed in the pond or discharging to the river. Holcim has an approved Substitute Water Supply Plan (WDID 0202565) which allows for an exposed surface area of up to 3.0 acres. Depletions covered include evaporation, aggregate production, slurry wall construction, landscape irrigation and dust control.

The Operator has an active groundwater monitoring plan which includes collecting monthly water levels and submitting the data to the Division with the annual report. During this inspection, the Division observed groundwater monitoring wells installed around the exterior of the two mining areas.

Signs and Markers:

Mine signs were posted at the entrances to the east and west mining area as required by Rule 3.1.12(1). A barbed wire fence was installed around the two mining areas. A silt fence and posts mark the boundary between the east mining area and the adjacent private land. White plastic posts mark the edge of the slurry wall around each reservoir. Along the conveyor, the permit boundary was marked by t-posts and a silt fence.

Financial Warranty:

The Division holds an \$834,000.00 bond for the site. After this inspection, the Division estimated the reclamation liability at the site to be \$983,310.00 which is \$149,310.00 more than the currently held financial warranty. **The Division's reclamation cost estimate is enclosed with this report for the Operator's review. The Division requests that any questions or concerns regarding the estimated liability level be forwarded to the Division by January 6, 2025.** The Division may issue a surety increase revision after January 6, 2025. In accordance with Rule 4.2.1(2), Holcim -WCR will have sixty (60) days from the date of the notice of surety increase to provide the additional financial warranty.

This concludes the Division's Inspection Report; a subset of photographs taken during the time of the inspection are included below. If you need additional information or have any questions, please contact me at Division of Reclamation, Mining and Safety, 1313 Sherman Street, Room 215, Denver, CO 80203, by telephone at 720-527-1640 or by email at nikie.gagnon@state.co.us.

GENERAL INSPECTION TOPICS

This list identifies the environmental and permit parameters inspected and gives a categorical evaluation of each. No problems or possible violations were noted during the inspection. The mine operation was found to be in full compliance with Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials and/or for Hard Rock, Metal and Designated Mining Operations. Any person engaged in any mining operation shall notify the office of any failure or imminent failure, as soon as reasonably practicable after such person has knowledge of such condition or of any impoundment, embankment, or slope that poses a reasonable potential for danger to any persons or property or to the environment; or any environmental protection facility designed to contain or control chemicals or waste which are acid or toxic-forming, as identified in the permit.

(AR) RECORDS----- <u>Y</u>	(FN) FINANCIAL WARRANTY----- <u>PB</u>	(RD) ROADS----- <u>N</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>N</u>	(SF) PROCESSING FACILITIES----- <u>N</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>Y</u>	(FW) FISH & WILDLIFE----- <u>N</u>	(RV) REVEGETATION---- <u>N</u>
(SM) SIGNS AND MARKERS----- <u>Y</u>	(SP) STORM WATER MGT PLAN---- <u>N</u>	(RS) RECL PLAN/COMP-- <u>N</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>N</u>	(SC) EROSION/SEDIMENTATION--- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>N</u>	(OD) OFF-SITE DAMAGE----- <u>N</u>	

Y = Inspected / N = Not inspected / NA = Not applicable to this operation / PB = Problem cited / PV = Possible violation cited

PHOTOGRAPHS



Photo 1: Looking south from the entrance at the mined slopes along the eastern boundary of the west mining area.



Photo 2: Looking across the west mining area from the north end near the conveyor.



Photo 3: Excavator observed loading a haul truck in the west mining area.



Photo 4: Groundwater sump in the northeast corner of the west mining area. Pump not operating.



Photo 5: Groundwater trenches moving water to the sump area in the northeast corner of the west mining area.



Photo 6: Double walled fuel tank adjacent to the office in the west mining area.



Photo 7: Equipment storage area in the west mining area, near the office.



Photo 8: Southeast corner of the west mining area. Screening berm placed around the mining area noted by arrow, and trees planted by operator.



Photo 9: Air quality monitor in the southwest corner of the permit area.



Photo 10: Looking north across the east permit area from Highway 7.



Photo 11: Looking south across the east permit area where vegetation clearing is occurring, and trees were removed in 2023.



Photo 12: Looking at monitoring well 8 in the southeast corner of the permit area.



Photo 13: Groundwater monitoring well #17 in the southwest corner of the west permit area.



Photo 14: Groundwater monitoring well #9 in the east mining area.



Photo 15: Discharge structure to the South Platte on the east side of the permit area.



Photo 16: Settling pond east side of the permit area. Discharge pipeline indicated by arrow.

Inspection Contact Address

Wyatt Webster
Holcim - WCR, Inc.
1687 Cole Blvd., Suite 300
Golden, CO 80401

Enclosure: 2024 Reclamation Cost Estimate

CC: Jared Ebert, Senior EPS, DRMS