December 5, 2024

Patrick Lennberg
Colorado Division of Reclamation, Mining and Safety
1313 Sherman Street, Room 215
Denver, Colorado 80203

RE: Lyons Quarry, Permit No. M-1977-208, Financial Warranty Cost Estimate Response

Mr. Lennberg:

On November 21st, 2024, Cemex received the Division's Financial Warranty Cost Estimate for the Lyons Quarry (Permit No. M-1977-208). We appreciate the detailed review of our initial cost estimate, dated March 10, 2023, and our Adequacy Review Response #1, dated August 15, 2023, and Adequacy Review Response #2, dated March 18, 2024. We have reviewed your Financial Warranty Cost Estimate and have identified three areas where we are requesting additional review.

1. **There are errors in the calculation of the cost for the demolition of the Clinker Storage Building** (Structure F on Exhibit 1 to Adequacy Review Response #1 (the Plant Map)). This cost is incorrect because there was an error in the calculation used for the airspace in the tables that we provided to the Division. The Clinker Storage Building is an A-frame building that is 200' wide, 388' long, and 79' tall. The airspace value that we provided assumed a building that was square in cross-section rather than triangular. Thus, the volume previously provided was double the actual volume, and should have been 3,065,200 cubic feet (CF) rather than 6,130,400 CF. This correction would reduce the cost estimate for demolition by $3,386,126.44.

   Also, the Clinker Storage Building is simply a concrete structure providing covered storage for clinker material. The Division has used the Plant demolition cost designation (3C) that is also applied to the Mill Building (Structure B on the Plant Map) and the Primary Crusher (Structure M on the Plant Map). However, the Clinker Storage Building will not require the complex demolition that will be required for those buildings. It should be similar to the demolition required for the silos, which has a $0.41/CF cost allocation. Please clarify why the Clinker Storage Building would not be classified as "Explosive demolition, large projects - Concrete structures" or "Bldg Demo (MC)," rather than "Plant Demo (3C)," which would further reduce the cost estimate for its demolition.

2. **We believe that there is an error in the calculation of the cost for the excavation of the concrete disposal cell**. The concrete disposal cell was approved as part of TR#2 in 2003, and the design calls for the post-reclamation topography to be a hill. The cut/fill quantities for this disposal cell were also provided in TR#2. In the original March 10, 2023, cost estimate, we proposed that the material required to backfill the C-Pit could be excavated from the location of the concrete disposal cell. However, upon further evaluation, it was determined that this approach was not feasible because excavating sufficient material from the disposal cell location to both fill C-Pit and provide the cap materials necessary to meet the onsite disposal area design would result in a hole, rather than a hill, at the disposal cell location. The revised tables that we

provided in Adequacy Review Response #1 adjusted the quantities and haul distances for both excavation in the disposal cell location and transport of the backfill material from the B-Pit borrow area.

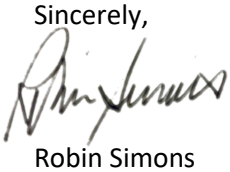
The Division's calculations in Task 004, Excavation of On-Site Disposal Cell, specifically state that the material quantities used were from the "Operator Original" submittal, rather than the revised tables provided in Adequacy Review Response #1. Because the materials for the C-Pit backfill and the capping of the disposal cell are coming from an existing stockpile location at the former B-Pit, they will not need to be handled twice. Thus, they should not be included in both the excavation for the disposal cell (Task 004) and the placement locations (Task 007, Interstitial Fill; Task 008, 30-inch Cover; and Task 011, Backfill C-Pit). Only the 1,000 CY material volume included in the revised disposal cell calculations in Adequacy Review Response #1 would need to be handled twice because it would be excavated prior to cell construction, and then placed again during capping.

3. **TR#2 did not require a geotextile lining for the concrete disposal cell stormwater diversion ditch.** This stormwater diversion ditch is a shallow brow ditch with 4:1 slopes that surrounds the concrete disposal cell. It can easily be seeded and mulched when the disposal cell is revegetated. Further, the approved description of the diversion ditch in TR#2 does not include geotextile.

As we were reviewing the Division's Financial Warranty Cost Estimate, we discovered that the total calculated bond amount that we included in the March 18, 2024, Adequacy Review Response #2 was added incorrectly. The total amount should have been $19,220,848, rather than $21,288,785, due to adding various indirect costs twice. Thus, the currently posted surety is $2,067,937 more than would have been required. If DRMS agrees with our adjustments described above, the total calculated bond amount will be lower than the currently posted surety. However, we propose that current surety of $21,288,785 remain in place. We are not requesting a surety reduction at this time.

Please contact me if you need additional information at robing.simons@cemex.com.

Sincerely,



Robin Simons
Lyons Plant Environmental Manager

Cc: Bradley Evans, Cemex Lyons Plant Manager
Greg Bridge, Cemex Corporate Environmental Manager
Robin Bay, Habitat Management, Inc.