

**STATE OF
COLORADO****Girardi - DNR, Chris** <chris.girardi@state.co.us>

Keenesburg No. 2 Mine- October 2024 Inspection Report and Updated Bond

1 message

Girardi - DNR, Chris <chris.girardi@state.co.us>

Tue, Jan 21, 2025 at 10:53 AM

To: Brady Reece <breece@capitalsand.com>

Cc: Scott Jinks <sjinks@capitalsand.com>, "Krajewski, Dustin" <DKrajewski@trccompanies.com>, dpatterson@capitalsand.com, Jared Ebert - DNR <jared.ebert@state.co.us>

Hello,

Attached to this email is the Division's Inspection Report for the inspection conducted on October 2, 2024. In addition, attached is an updated cost estimate to complete reclamation at the site.

A hard copy will not be mailed unless requested.

Please let me know if you have any questions or concerns.

Have a great day,
Chris

Chris Girardi**Environmental Protection Specialist Intern****COLORADO**
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2 attachments**Keenesburg No.2 Mine_Oct2024_InspectionReport.pdf**
2738K**Keenesburg No.2 Mine_2025UpdatedCostEstimate.pdf**
596K



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: Keenesburg No. 2 Mine	MINE/PROSPECTING ID#: M-2019-058	MINERAL: Sand	COUNTY: Weld
INSPECTION TYPE: Monitoring	WEATHER: Clear	INSP. DATE: October 2, 2024	INSP. TIME: 10:00am
OPERATOR: Colorado Sand Company LLC	OPERATOR REPRESENTATIVE: Brady Reece	TYPE OF OPERATION: 112c - Construction Regular Operation	
REASON FOR INSPECTION: Normal I&E Program	BOND CALCULATION TYPE: Complete	BOND AMOUNT: \$6,981,069	
DATE OF COMPLAINT: NA	POST INSP. CONTACTS: None	JOINT INSP. AGENCY: None	
INSPECTOR(S): Chris Girardi Jared Ebert	INSPECTOR'S SIGNATURE: 	SIGNATURE DATE: January 21, 2025	

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: Gen. Compliance With Mine Plan

PROBLEM: Water tanks were observed in the Year 1 area and are not part of the approved mining plan. The mining plan needs to be updated and clarified pursuant to C.R.S. 34-32.5-112 (1)(c)(VI).

CORRECTIVE ACTIONS: The Operator shall submit a Technical Revision, with the required \$216 fee, to update the approved mining plan to include the water tanks or any structures not currently approved as part of the mining plan.

CORRECTIVE ACTION DUE DATE: 3/22/25

OBSERVATIONS

The Keenesburg No. 2 Mine permit was inspected on October 2, 2024, by Chris Girardi and Jared Ebert with the Division of Reclamation, Mining, and Safety (DRMS) as part of the DRMS's routine monitoring inspection program. Brady Reece, represented Colorado Sand Company LLC (Operator) during the inspection. The weather was sunny and clear.

The site is located approximately 3 miles northeast of Keenesburg, CO. The land use surrounding the site is cropland and the approved post-mining land use is cropland. There was no mine sign present at the time of the inspection. However, on December 27, 2024, the Operator submitted photo documentation that a Mine Entrance Sign has been added to the site entrance in accordance with Rule 3.1.12. The site is accessed using a gate to the east of County Road 59.

General Compliance with Mining Plan:

The Keenesburg No. 2 Mine is an open cut industrial sand mining operation permitted for 2,925.93 acres. The mining plan consists of an advancing pit with concurrent reclamation of the previous area's mined area. The permit area is divided into thirteen (13) distinctive mining areas designated as Year 1 through Year 13. During the inspection, the Division observed the Processing Area, and the Year 1 and 2 areas. The permit area contains several processing structures and buildings in the northwest 30 acres of the permit area. These structures include the Mine Office, Conveyers, the Wet Plant Enclosure, the Water Treatment center, the Wet Sand Storage and Decant Building, the Dry Sand Storage Building, Dryer Units, and a Mobile Equipment Shop (see Photos 1-8). A fence encloses the permit area. Settling ponds are in the northern portion of the Year 1 area (see Photo 12), where after material settles, the water will be recycled back to the Wash Plant. Several storage tanks containing fuel were observed in the Processing Area and did not show evidence of spills. After reviewing the approved mining plan and conducting the inspection, the Division notes that the water storage tanks located in the northwest portion of the Year 1 are not included in the approved mining plan. This has been cited as a problem. The Operator will be required to submit a Technical Revision (TR) to update the mining plan to include the water storage tanks and other any structures not currently included in the approved mining plan. As part of this TR submittal, the Operator will need to submit a cost estimate for the reclamation of the water tanks.

Mining has advanced into the designated Year 2 area to the south of the processing area. According to the 2024 Annual Report, the current affected area is 242.6 acres. However, the Division notes the 242.6 acres estimate doesn't take into account the Processing Area. The Division's calculation of the current affected area is approximately 309 acres. In future Annual Report submissions, please factor area affected by the processing as permit affected area. The Division observed several stockpiles of topsoil in the Year 1 area (see Photos 9-10). The run-of-mine (ROM) stockpile was observed and showed evidence of moisture (see Photo 7). Water trucks are being used for dust control within the Year 1 and 2 areas. An excavator was loading material into a Haul Truck in the Year 2 area at the time of the inspection (see Photo 11). The Year 1 area has not been fully reclaimed yet, as regrading and backfilling are still being conducted and reseeding has not begun.

The Division approved TR-1, which approves the recovery of clay as a secondary commodity, TR-2 which allows Noble Energy, Inc. to use an access road located south of the Year 6 area, and TR-3 designated a shift in the mining direction for the temporary growth medium stockpile removal within the Year 2 area. The Operator will begin mining the Year 3 and Year 5 areas before returning to the Year 2 area that contained the temporary growth medium stockpile.

Financial Warranty:

The Division currently holds a reclamation bond in the amount of \$4,921,881. for this operation. The Division has estimated the reclamation liability at the site and found it to be \$6,981,069. This is an increase of \$2,059,188 from the bond currently held. The Operator will have 14 days (February 4, 2025), from the issuance of this report to submit any questions regarding the updated cost estimate. If no questions are received, the Division may issue a Surety Increase notice for the difference. The Operator will have 60 days from the date of the notice to submit and obtain acceptance of the increase in financial warranty from the Division in accordance with Rule 4.2.1(2).

PHOTOGRAPHS



Photo 1: View of Processing Area, including the Dryer Units, facing northeast.



Photo 2: View of the Processing Area, including the Dry Sand Storage Building, Dryer Units, and Air Compressor, facing.



Photo 3: Mine Office within Processing Area, facing north.



Photo 4: View of Processing Area from the east, facing west.



Photo 5: Several totes within the Processing Area.



Photo 6: French drain within the processing area.



Photo 7: The ROM stockpile located to the south of the Processing Area.



Photo 8: Wash processing building adjacent to the southeast of the ROM stockpile, facing west.



Photo 9: Stockpile in the Year 1 Area.



Photo 10: Topsoil stockpile in the Year 1 Area.



Photo 11: Excavator and Haul Truck mining in the Year 2 Area, facing south.



Photo 12: Settling pond in the northern portion of the Year 1 area.

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>N</u>	(FN) FINANCIAL WARRANTY----- <u>Y</u>	(RD) ROADS----- <u>Y</u>
(HB) HYDROLOGIC BALANCE----- <u>Y</u>	(BG) BACKFILL & GRADING----- <u>Y</u>	(EX) EXPLOSIVES----- <u>N</u>
(PW) PROCESSING WASTE/TAILING---- <u>Y</u>	(SF) PROCESSING FACILITIES----- <u>Y</u>	(TS) TOPSOIL----- <u>Y</u>
(MP) GENL MINE PLAN COMPLIANCE- <u>PB</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>Y</u>
(ES) OVERBURDEN/DEV. WASTE----- <u>Y</u>	(SC) EROSION/SEDIMENTATION-- <u>N</u>	(ST) STIPULATIONS----- <u>N</u>
(AT) ACID OR TOXIC MATERIALS----- <u>Y</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

Inspection Contact Address

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