

STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY
Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
FAX: (303) 832-8106



May 7, 2012

Gilbert Lee
Central Aggregates, Inc.
P.O. Box 1877
Rifle, CO
81650

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

RE: West Rifle Pit, Permit Nos. M-1981-006 and M-1995-018

Dear Mr. Lee:

On April 23, 2012 the Division of Reclamation, Mining and Safety (Division) received your correspondence dated April 3, 2012. The revised site map that you have supplied adequately addresses the Division's concerns, noted in the March 8, 2012 inspection report, and the issue is considered abated.

In your letter you requested that a reclaimed portion of the permitted area be released from further reclamation responsibility. Below are the requirements for requesting release of acreage from the permit area.

4.17.1 Operator Requirements

1. The Operator of any mining operation possessing a 110 Limited Impact Permit, or a 111 Special Operations Permit, or a 112 Reclamation Permit may file a written notice of completion of reclamation and request for release of reclamation responsibility with the Office whenever an Operator believes any or all requirements of the Act, the Rules and Regulations, and the approved reclamation plan have been completed with respect to any or all of the Affected Lands.
2. The Operator shall include in the notice to the Office the names and addresses and phone numbers of all owners of record to the affected land.
3. The written notice requesting release shall be sent by Certified Mail and be separate from other types of communication to the Office.
4. Such notice shall contain a signed statement by the Operator or their agent that all applicable portions of the Reclamation Plan requirements have been satisfied in accordance with these Rules and all applicable requirements under the Act.

On April 30, 2012 the Division sent you a letter requiring demonstration of compliance with the requirements of the State Engineers Office regarding the exposure of groundwater by mining operations. To date, the Division has not received your response to this letter. Please note that the Division may not approve an acreage release request until you have adequately addressed the requirements of the above noted letter.

If you require additional information, have questions or concerns, please contact me at the DRMS Grand Junction Field Office.

Central Aggregates, Inc.

May 7, 2012

Page 2

Sincerely,



Dustin Czapla

Environmental Protection Specialist

Department of Natural Resources

Division of Reclamation, Mining and Safety

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Grand Junction, CO 81501

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Enclosure: Division's letter dated April 30, 2012

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M-1981-006



Bill Ritter, Jr.
Governor

James B. Martin
Executive Director

Loretta E. Piñeda
Director

April 30, 2010

Central Aggregates, Inc.
P.O. Box 1877
Rifle, CO 816500000

RE: Mining Operations with Exposed Ground water

To Whom It May Concern:

The Division of Reclamation Mining and Safety is responsible for ensuring that Sand and Gravel mining operators comply with the requirements of the Colorado Land Reclamation Act for the Extraction of Construction Materials (Act) and the Mineral Rules and Regulations of the Colorado Mined Land Reclamation Board for the Extraction of Construction Materials (Rules). Among these requirements are provisions for the protection of water resources. The Act requires that reclamation plans must ensure minimization of disturbances to the prevailing hydrologic balance, including disturbances to the quantity of water in the area affected by mining and in the surrounding areas. § 34-32.5-116(4)(h). Rule 3.1.6(1)(a) requires compliance with Colorado water laws and regulations governing injury to existing water rights both during and after mining. Permits must specify how the permittee will comply with applicable Colorado water laws and regulations governing injury to existing water right rights. Rule 6.3.3(j); Rule 6.4.5(2)(c). After an extensive review, the Division determined that several operators may not have appropriate permit conditions to address certain reclamation liabilities arising from impacts to water resources.

In September 2009 the Division of Water Resources (DWR) updated its Guidelines for Sand and Gravel Pits. These guidelines provide guidance on achieving compliance with state law regarding replacement of depletions from sand and gravel mining, thus the guidelines provide a benchmark for the protection of hydrologic balance required under the Act and Rules. As noted in the Guidelines, sand and gravel operations which expose groundwater without complying with state law create a reclamation liability by impacting available groundwater.

State law requires that any person exposing ground water must obtain a well permit from the SEO pursuant to § 37-90-137(11). Because exposed groundwater results in out-of-priority water depletions, operations which expose ground water must also eventually obtain a water-court approved augmentation plan. Currently, several operators do not have either an augmentation plan or bonding to provide an alternative method to mitigate injurious stream depletions that result from mining-related exposure of ground water. The Division has a statutory duty to ensure that lands affected by mining are reclaimed in a manner that complies with state law and to ensure that operators have sufficient bonding to achieve reclamation. In order to assist operators in achieving compliance with these requirements, the Division proposes that, by April 30, 2011, operators should contact the Division and agree upon a plan for achieving compliance.

The Division has identified four approaches for operators:

1. File a financial warranty that will ensure backfilling of the pit to cover the exposed ground water to a depth of two feet above the static ground water level or,
2. Obtain a court approved augmentation plan prior to exposing ground water or,
3. File a financial warranty to cover the cost of installing a clay liner or slurry wall that meets the Division of Water Resources requirements for preventing ground water exposure or,
4. Obtain approval from the Division of Water Resources that acknowledges compliance with the SEO's requirements pursuant to § 37-90-137(11).

The Division will work with operators on an individual basis as they move to implement one of these plans. It is likely that options 1 and 3 will require the submittal of a technical revision or an amendment to the existing permit depending on the nature of the current mining and reclamation plan and the proposed changes. Increased financial warranties, as a result of these modifications, may be posted in a phased manner not to exceed three years. Amendments or revisions currently under review will be required to be approved by April 30, 2011 and may use the phased financial warranty approach described above. New applications going forward or presently under review by the Division will be required to meet the requirements of one of the options 1-4 at the time of application approval. Failure of affected operators to initiate contact with the Division and gain compliance as described above could result in an enforcement action being issued by the Division.

If you have any questions, please contact Tony Waldron at 303-866-3567, extension 8150.

cc: M1995018 West Rifle Pit
M1981006 West Rifle Pit