Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew Mead, Governor

Todd Parfitt, Director

January 16, 2015

Mr. Brian Good
3796 Lane 32½
Greybull, WY, 82426

RE: Permit 624 – 2013/2014 Annual Report Bond Meeting

Dear Mr. Good,

Thank you and Shawn Gustafson for taking the time to meet with John Erickson, Wyoming Department of Environmental Quality – Land Quality Division (WDEQ/LQD) District 2 Supervisor, and I on Wednesday, January 14, 2015. The purpose of this letter is to document the results of the January 14, 2015 meeting. As stated during the meeting, the WDEQ/LQD does not have an issue with you changing the post-mine land use from *Grazingland* to *Pastureland*. The seed mix within the approved the Reclamation Plan can be revised accordingly. Please be aware though that planting a mono-culture dryland pasture mix (i.e. solely planting Crested Wheatgrass) is not acceptable.

During the meeting, the construction of a pond to be used during mining as a water source for dust suppression and in long term a stockpond was proposed. The water source for the pond would be the Bear Creek alluvium. Preliminary designs for the pond have been prepared. On or before March 2, 2015 a revised Reclamation Plan must be submitted to the WDEQ/LQD that includes the proposed pond, any changes in post-mine land use and the associated seed mix. The submittal must also include a revised bond estimate that reflects the proposed changes previously described. The unit costs utilized to derive the bond estimate must be reflective of third-party costs (i.e. WDEQ/LQD Guidelines 12 and 12A, Equipment Watch, R.S. Means, InfoMine, etc.). These items are to be prepared by Shawn Gustafson and ECS Engineers.

As stated during the meeting, the revised Reclamation Plan will in all likelihood have some bearing on the bond estimate. Nevertheless, the WDEQ/LQD believes that the bond will increase from its current level; the question that remains to be answered is exactly how much. During 45-day interim period (1/14/2015 – 3/2/2015), Good Mining should: (1) investigate alternate sources of bonding, such as a Letter of Credit and (2) continue to move overburden/spoil and perform as much grading as possible to reduce the existing backfill liability.

Please be aware that if a water right cannot be obtained from the State Engineers Office for the proposed pond, Good Mining will need to implement a plan that results complete backfill and through drainage. Should you have any additional questions, please do not hesitate to contact me.

Respectfully,

Brian R. Wood
District II Assistant Supervisor

Cc WyDEQ/LQD – Cheyenne, Permit 624 Correspondence File
WyDEQ/LQD – Lander, Permit 624 Correspondence File
Shawn Gustafson, ECS Engineers, 111 West 2nd Street – Ste. 600, Casper, WY 82601
Brian Wood, Chron

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matt Mead, Governor

Todd Parfitt, Director

March 17, 2015

LQD

MAR 1 9 2015

RECEIVED

Mr. Brian Good
3796 Lane 32½
Greybull, WY 82426

RE: Permit 624, 2014 Reclamation Performance Bond and Reclamation Plan Revision

Dear Mr. Good,

I am in receipt of two e-mails from Mr. Shawn Gustafson of ECS Engineers (ECS) regarding the Reclamation Performance Bond for Permit 624. I have copied the contents of these two e-mails, inserted into a word processing document, and included the document as an attachment. The revised bond estimates prepared by me and ECS are also included as attachments. I will divide my reply into two parts as a response to the individual e-mails.

E-Mail #1

I have reviewed the revised Reclamation Plan and the major difference between what is currently approved and what is proposed concerns material replacement. The approved plan calls for replacement of two feet of suitable material which includes six inches of topsoil. The proposed plan commits to the salvage and replacement of six inches of topsoil and the salvage of all suitable material between topsoil/subsoil for use in reclamation. This material would be stockpiled separately for reclamation and identified as "Subsoil/Suitable" in the field. To the best of my knowledge, this practice has been ongoing at the site since the inception of mining.

I believe that all of us understand the value of a good reclamation soil resource in order to provide the best possible potential for reclamation success. The bond estimate prepared by ECS assumes that all of the "Subsoil/Suitable" material has been spread, with the exception of areas identified as "Pit" on the map sent to you in my letter dated October 20, 2014. I disagree with this assumption as I would contend that the ground lying under access roads, bentonite stockpiles, and ancillary disturbance has not yet been brought to final grade. My contention is based on the fact that the drainage system across the site has not been reestablished; this is necessary in order for the *Tanner Pond*, a postmine feature, to function as intended. If the "Subsoil/Suitable" had been laid down, it would essentially be lost during the grading process to reestablish the drainage system.

Using the mapped footprint of the six existing Topsoil and "Subsoil/Suitable" piles and using some assumed stockpile heights, I estimate there are approximately 120,000 cubic-yards of these reclamation materials have been stockpiled. The revised bond estimate I provided ECS via e-mail on March 6, 2014 utilized a figure of 117,000 cubic-yards, which was based on

spreading 1.25 feet of Topsoil and "Subsoil/Suitable" on areas that were identified on the October 20, 2014 maps as "Pit", "Overburden", "Mineral Stockpile", and "Disturbed". Because I did not have pit volumes, I assumed a backfill volume of 18,000 cubic-yards per acre, which equates to approximately 11 feet of material. My seeding costs were $170.00 / acre. The ECS estimate utilized a backfill volume of 20,000 cubic-yards per acre, which equates to approximately 12.4 feet of material and includes approximately 1.25 feet of "Subsoil/Suitable" material. The ECS revegetation cost utilized was $200.00 / acre. All other costs were similar.

ECS's bond estimate was $216,000.00 verses my revised (March 5) estimate was $300,000.00. Aside from the differences outlined above, the major difference is the Contingency Fee. ECS utilized a Contingency Fee of 30% verses my estimate which utilized 35%. The chart in WDEQ/LQD Guideline 12 and the table in Guideline 12A indicate Contingency Fees of 35% for a bond estimate of $250,000.00 and 37% for an estimate of $200,000.00. My estimate essentially falls between these two values, suggesting a Contingency Fee of 36%; I utilized 35% purely to make the calculation simple. WDEQ/LQD staff has been mandated by Administration to utilize the chart / table referenced above in their bond calculations. To your point, in the second e-mail regarding Contingency Fees, that is a matter for the WDEQ Administration if you would like to take the issue further.

E-Mail #2

If you desire to review a competitor's Annual Report, it is a Public Document and you are more than welcome to do so. Copies of the Annual Reports are available at the Lander and Cheyenne offices. Given of the volume of requests for information by the public and in an effort to track these requests, the WDEQ has changed its policy and one is now asked to fill out a "Freedom of Information Act (FOIA)" request. Bond instruments vary by company; utilizing Surety Bonds, Certificates of Deposit, Letters of Credit, and Self Bonds.

Regarding contingency costs, I discussed this issue in the last paragraph of the previous section.

I understand that you are operating on property for which you are the Surface Owner. However, your situation is no different for much of the land being mined by several neighboring operators. Bentonite Performance Minerals (BPM), American Colloid, and MI, LLC, all are operating patented lands in which they are the Surface and Mineral Owner. In the case of BPM, of their total disturbance to date, approximately 65% is on their patented ground. When performing bond estimates, there is no difference in the costs assigned to perform reclamation between private, Federal, and State land.

A few years ago, when reviewing Annual Reports, I developed what I term as a Contemporaneous Reclamation Index. The idea was to measure reclaimed verses disturbed acres in any given year. The *Index* was based on a running 5-year average, knowing that in some years new pits would be opened which did not allow for the immediate cast back of spoil material. In my opinion, the 5-year index probably provides a better representation of the average condition. The indices have ranged from 106% to 128%, indicating that on average for every 100 acres being disturbed that between 106 to 128 acres are being reclaimed. Therefore,

I understand that you are doing your best to keep reclamation current with mining, but I believe the other operators are as well.

Summary

If you would like to meet again to discuss issues surrounding the bond, that can be arranged with limited effort. Perhaps meeting at ECS's office in Casper is the most central to all. From my perspective I believe there is agreement that the bond will increase from the current $165,000.00 held by the State. The disagreement comes in how much. I believe that the estimate provided by ECS serves as a "floor" or the minimum required to meet your existing liability / bond obligation. Therefore, please make arrangements to submit $51,000.00 (estimated shortage calculated by ECS) within 45 days of the date of this letter to the WDEQ-LQD offices in Cheyenne. Please be aware that additional funds may be required after the proposed meeting concerning bonding methodologies and associated costs.

In terms of calculating the bond aside from the Contingency Fee, the major difference between ECS and me concerns the respread of reclamation materials [Topsoil and "Subsoil/Suitable"]. Because you will need a reasonable estimate of the reclamation materials on hand for the 2015 Annual Report, which is due 3½ months, I request that you have the piles surveyed in the next 60 days.

Please get in touch with me concerning the requested meeting and if you have any other questions, please do not hesitate to ask.

Respectfully,

Brian Wood
District 2 Assistant Supervisor
WDEQ-Land Quality Division

LQD
MAR 1 9 2015
RECEIVED

w/ attachments: e-mail text and bond estimates

Cc WDEQ/LQD Cheyenne Permit 624 Correspondence File
John Erickson > Lander Permit 624 Correspondence File
Shawn Gustafson, ECS Engineers, 11 West 2nd St, Ste. 600, Casper, WY 82601 (ec)
Brian Wood, Chron

E-Mail #1 – 3/12/2015

Brian,

I have talked with Pab and looked over the difference on your revised bond (the excel file attached) vs the Bond calculations and revised reclamation plan we submitted. The material difference is in the placement of 1.25' of topsoil/suitable material on the entire affected area minus the topsoil/subsoil piles. In the revised reclamation plan I have attached we have changed the process so the topsoil is spread last (just before seeding) in a 6" lift. The suitable material has been spread as the pits are reclaimed as part of the mass dirt quantity (increase from your estimate of 18,000 cy/acre to 20,000cy/acre in the revised bond calculations). These changes to the reclamation plan were made to reflect Pab's desire of reclamation for his land and the example reclamation plans on DEQ 's web site.

After the discussion with Pab today he wants to stick with the reclamation plan as attached and the calculations attached titled "2014 Bond Estimate.docx". In the end the same amount of soil is being placed, and the same areas are being reclaimed, just at differing times with different equipment. the bentonite piles are actually placed on partially reclaimed land and the haul roads and staging areas are also on the reclaimed land with the suitable material already placed....just no topsoil yet. The growth requirement hasn't changed but the seed mix has to support Pab's desired ultimate use of his land. We believe this is a viable plan and in practicality the same as the old plan in respect to the final condition of the reclaimed area, but fits Pab's operation and ultimate use desires better on his land.

Shawn

E-mail #2 - 3/13/2015

Brian,

I talked with Pab this morning and he still is having questions and heartburn about several things.

> He wants to know how he can see what other bentonite operators are putting up for bond and how their bonds are calculated. Is this public information? How does he request the information?
>
> The contingency that I put in at 30% based upon your first calculations is 35% from item 12, Miscellaneous items in Guideline #12. This item covers many costs associated with reclamation of a surface mine i.e.; mobilization, profit, design, management, insurance etc. Mr. Good feels that the 30% I used is actually high and would like to see about reducing that number also.

Pab is operating a mine on property he owns. He feels that is a differing circumstance than operating a mine on somebody else's property or federal lands. This is mainly why he is questioning the high amount of bond requires. His mine is reclaimed behind the mining operation as it progresses throughout the pit boundary. Mr. Good understands your desire to treat all operators equally, but does recognize that his operation is unique in the area.

All this being said I would suggest another meeting in a place of mutual choosing prior to a formal response. Mr. Good does recognize that the schedule is behind here, but feels these items need to be discussed.
Thanks for your time effort and patience on this Brian.

Shawn

2013 – 2014 Permit 624 Annual Report Bond Estimate

The disturbance associated with WDEQ/LQD Permit 624 operations was mapped on October 17, 2014. The attached map reflects the outcome of that effort.

The Disturbance was divided into the following groups:

a. Reclaimed ≈ 16.8 acres of which liability is associated with 8.9 acres (reduction do to covering of prelaw spoil that was not reaffected other than use as an equipment camp area).
b. Topsoiled (not seeded) ≈18 acres
c. Disturbance ≈32 acres
d. Pit area ≈ 11.1 acres
e. Topsoil Stockpiles ≈4.3 acres
f. Subsoil Stockpiles ≈ 4 acres
g. Overburden Stockpile ≈ 4 acres
h. Bentonite Stockpiles ≈ 12.2 acres
i. Pond Effected Area 5.1 acres
j. Pond Water Area 1.2 acres

The total affected over the life of the operation to date is approximately 102.4 acres.

The WDEQ/LQD's Bond Estimate for the operation is the following:

Retainage – 8.9 acres @ $350.00/ac = $3,115.00

Pit Backfill – [Assume required fill is 20,000 yd^3/ac] 120,000 yd^3 x $0.72/$yd^3$ = $86,400.00

Pickup and dispose of 0.5 of ashy material underlying Bentonite stockpiles – 12.2 acres x 0.5' = 9,840 yd^3
9,840 yd^3 x 0.89/yd^3 (Cat 637 at 1,000' haul) = $8,758.00

Site grading – 54.2 acres x $71.62/ac (Cat 140 patrol blade) = $3,882.00

Soil (respread on all affected areas except for topsoil and subsoil piles) – 58.1 acres x 0.5' = 46,867 yd^3
46,867 yd^3 x $0.89/$yd^3$ (Cat 637 at 1,000' haul) = $41,712.00

Scarification of all areas not seeded - 84.4 acres x $62.80/ac (Cat 140 patrol blade) = $5,300.00

Seed [(seed + application) (existing disturbance)] – 84.4 acres @ $200.00/ac = $16,880.00
(Seed price is bid on proposed mix +10% delivery + $120/ac application)

Subtotal = 166,047.00
Contingency Fee = $49,814.00
Total Estimate = $215,861.00 > $216,000.00 (rounded)
Existing Bond Held = $165,000.00
Total Shortfall = ($51,000.00)

	Unit	Unit Cost	Total
Retainage (ac)	8.9	$350.00	$3,115.00
Pit Backfill (cu-yds @ 6.4 ac @ 18,000/ac)	115,200	$0.72	$82,944.00
Ashy Material Disposal (cu-yds, 12.2 ac @0.5' deep)	9,840	$0.89	$8,757.60
Site Grading (acres, 32 + 6.4 + 4 + 12.2)	54.2	$71.62	$3,881.80
Soil Respread (cu-yds, 58.1 * 1.25')	117,000	$0.89	$104,130.00
Scarification of all areas not seed	84.4	$62.80	$5,300.32
Seed [ac,($73 seed +10% tax and delivery + $90 application)]	84.4	$170.00	$14,348.00
Total			$222,476.72
Contingency Fee (35% from table)			$77,866.85
Total			$300,343.58
Rounded Bond			300,000.00
Existing Bond			165,000.00
Shortfall			135,000.00

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew Mead,
Governor

Todd Parfitt,
Director

March 27, 2015

Mr. Brian Good
3796 Lane 32½
Greybull, WY, 82426

RE: Permit 624(s) – 2014 Annual Report – Reclamation Performance Bond

Dear Mr. Good,

I am writing in response to your e-mail of March 19, 2015 as I now have had a chance to talk with John Erickson, District 2 Supervisor. I understand that it is your intent to complete a fairly large amount of reclamation in the coming year. However, as I indicated during our meeting in January, the WDEQ/LQD can't establish a bond based on reclamation projections as there are several things that can occur within the course of a year. That being said, for the immediate time District 2 is willing accept the proposed $51,000.00 increase based on the ECS bond estimate, bringing the total bond amount held by the State to $216,000.00. I am willing to accept this figure as an interim bond amount for Permit 624 until such time as a better estimate of material quantities is ascertained (please see the next paragraph concerning the 2015 Annual Report). As indicated in my letter of March 17, 2015, the $51,000.00 is due within 45 days of the March 17th letter; May 1, 2015.

I believe that my March 17th letter was fairly clear concerning the volume of topsoil and suitable material that is currently stockpiled issue. The 2015 Annual Report for Permit 624 is due in three months' time; on or before close of business June 26, 2015. In the March 17th letter I indicated that I wanted the topsoil and suitable material piles surveyed to have a better idea of the volumes of these stockpiled reclamation materials. Respread of these materials will be dealt with through the 2015 Annual Report and the associated re-evaluation of the bond estimate. As far as hauling any of this material to Permit 533, this cost has not been accounted for in the bond associated with Permit 533. Please also see Tanya King's letter of December 24, 2013 and my letter of September 9, 2014 concerning Permit 533. In summary, there is approximately three months' time between the date of this letter and when the 2015 Annual Report is due for Permit 624, I hope you take this opportunity to complete as much reclamation as possible on Permit 624 lands.

Should you have any questions, please do not hesitate to contact me.

Respectfully,

Brian R. Wood
District II Assistant Supervisor

Cc WyDEQ/LQD – Cheyenne, Permit 624(s) Correspondence File
John Erickson > WyDEQ/LQD – Lander, Permit 624(s) Correspondence File
Shawn Gustafson, ECS Engineers, 11 West 2nd St, Ste. 600, Casper, WY 82601 (ec)
Brian Wood, Chron

LQD
APR 1 2015
RECEIVED

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew Mead, Governor

Todd Parfitt, Director

CERTIFIED MAIL, RECEIPT NO. 7014 2870 0000 7922 0115

May 12, 2015

Mr. Brian Good
3796 Lane 32½
Greybull, WY, 82426

RE: Letter of Violation – Permit No. PT-624

Dear Mr. Good:

There has been no response to my letter of March 27, 2015. The letter indicated that an interim bond increase in the amount of $51,000.00 was to be submitted to the Wyoming Department of Environmental Quality – Land Quality Division (WDEQ/LQD) by May 1, 2015. I verified with the WDEQ/LQD Cheyenne Office and nothing appears to have been received, according to their log, for the month of April and for the month of May to date. With this letter, I am providing you a second opportunity in which to post the required interim bond of $51,000.00. The interim bond increase must be received in the WDEQ/LQD Cheyenne office on or before close of business May 29, 2015.

Failure to post an adequate Reclamation Performance Bond is a violation of W.S. § 35-11-417(c). The WDEQ/LQD is attempting to resolve this issue without resorting to further legal action. If the required funds are not received by May 29, 2015, a formal Notice of Violation will be issued.

If you have any questions concerning this correspondence, please call John Erickson or me.

Respectfully,

Brian Wood
Assistant District II Supervisor
Land Quality Division

JUN 1 2015

Cc: Cheyenne WDEQ/LQD > Permit 624 Annual Report and Inspection File
John Erickson - Lander DEQ/LQD > Permit 624 Annual Report and Inspection File
Chron file

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew Mead, Governor

John Corra, Director

June 9, 2015

Mrs. Danae Good
3796 Lane 32½
Greybull, WY 82426

LQD
JUN 12 2015
RECEIVED

RE: **Permit 624 Bond Amount**

Dear Mrs. Good,

As promised last week in my email of June 1, 2015, I am writing in response to your email of May 29, 2015. I had the opportunity to talk with John Erickson late yesterday afternoon and in the interim also had a chance to review the record. I am a little confused with regard to certain aspects of your e-mail. In an email from your husband dated March 19, 2015, it states "Brian we feel the 51000 is more than enough to raise the reclamation bond." By this statement I assumed that the $51,000.00 increase, an amount estimated by your consultant, ECS Engineers, was acceptable. I responded that I was willing to accept the $51,000.00 increase (bringing the total bond amount to $216,000.00). I did request as part of my response that the topsoil and suitable material/subsoil stockpiles be surveyed as this bond line item comprised the major difference between my revised estimate and the one developed by ECS. The survey results would be included in the 2015 Annual Report. I also suggested in my response that in the interim period (approximately 3 months till the 2015 Annual Report was due) that as much site reclamation be performed as possible. Site reclamation is the key to keeping a handle on the bond and limiting increases.

Moving forward, John Erickson and I do not have a problem having another meeting; perhaps it would clear up some misunderstandings. However, before scheduling a meeting it is John's and my decision to get our Administrator, Mr. Kyle Wendtland, apprised of the situation and understand his position. I will be in touch soon after we are able to discuss the issue with Mr. Wendtland.

Sincerely,

Brian R. Wood
District 2 Assistant Supervisor
Land Quality Division

Cc: WDEQ/LQD Cheyenne – PT624 Correspondence
John Erickson > WDEQ/LQD Lander – PT624 Correspondence
Kyle Wendtland, WDEQ/LQD Administrator
Chron

GOOD MINING COMPANY, LLC
PERMIT PT-624, 2014-2015 ANNUAL REPORT
Summary Information

1. (a) Permittee: *Brian Good*
   (b) Address & Phone: *3796 Lane 32½, Greybull, WY, 82426, (307) 765-2875*
   (c) Permit: *WDEQ/LQD Permit PT-624*
   (d) Permit Issue Date: *June 27, 1989*
   (e) Mineral mined: *Bentonite*
   (f) State and/or Federal Lease number(s): *N/A*

2. **Report period**: *June 28, 2014 to June 27, 2015*

3. **Mining Summary for the Report Period:**

   (a) Number of acres disturbed during the report period: *5.0*
   (b) Number of acres disturbed to date: *107.42*
   (c) Topsoil stockpile volumes: 50,973.74
   (d) Out-of-Pit Spoil Volume: *0*
   (e) Bentonite quantity mined: *115,028*
   (f) New Construction during the report period: N/A
   (g) Describe any environmental problems: N/A

4. **Reclamation**

   (a) Number of acres reclaimed during the report period: Contour map: *24.35*
   (b) Acreage reclaimed: Reclamation procedures utilized during the report period: *Backfilled, topsoiled and broadcast seeded*
   (c) Results of previous reclamation efforts: *successful*
   (d) Reclamation costs incurred during the report:
   This cost is mixed into the mining costs and cannot be accurately determined

5. **Discuss in detail mining plans for the coming year:**
Continued Mining on the East side of Bear Creek. The Brown Bentonite piles will be combined to reduce footprint.

6. **Discuss in detail reclamation plans for the coming year:**
Reclamation will be completed on the west side of the haul road. the Brown Bentonite piles, B4, B5 & B6 will be combined into pile B3 and the area they surrounding the Camp will be reclaimed completely

7. **Discuss in detail all monitoring conducted during the report period:** *N/A*

8. **Reclamation performance bond estimate.** *Attached*

9. **Additional information as required by the WDEQ/LQD:** *N/A*

10. **Abandon Drill Hole Information:** *N/A*

11. **Map:** *Attached*

Note: The format of the map matches the format of the previous maps for the small mine permit

12. **Company information:**

1. General Manager:
Brian Good:
3796 Lane 32½, Greybull, WY, 82426

Office – 307-765-2875
Cell – 307-272-7495

2. Party To Receive Notice:
Brian Good
3796 Lane 32½, Greybull, WY, 82426

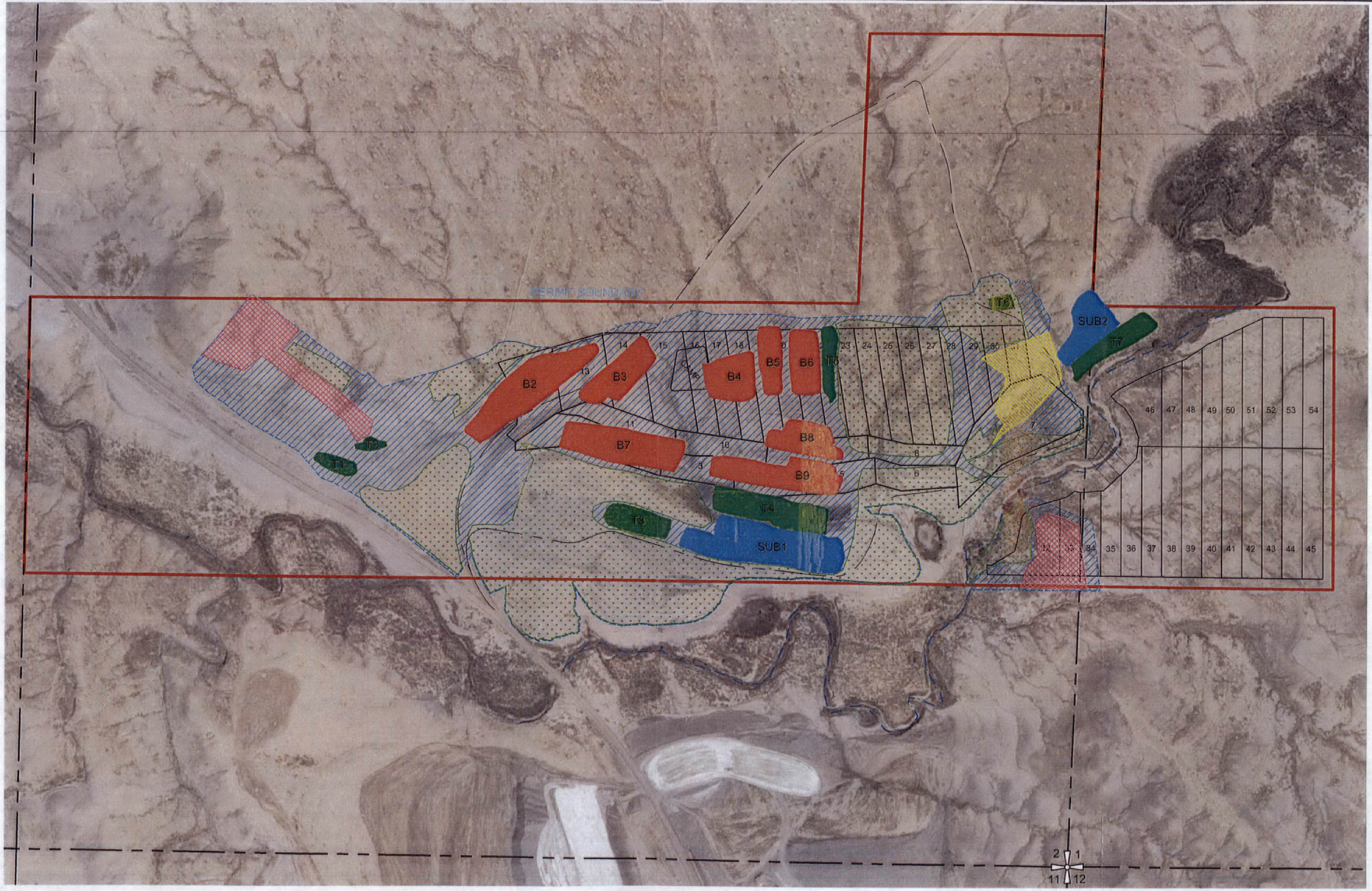
Names /Address and Phone numbers of Officers:

Lacee Good
Opperations
3796 Lane 32½, Greybull, WY, 82426

Office -307-765-2875
Cell - 307-272-7386

REPORT PREPARED BY: _____ 8-14-15
Signature Date

Brian Good Manager
Name and Title



FEET
0' 250 500 1000
SCALE: 1" = 500

BENTONITE PILES

B1: 4310 CY
B2: 25519 CY
B3: 18177 CY
B4: 3593 CY
B5: 10867 CY
B6: 5375 CY
B7: 15261 CY
B8: 6762 CY
B9: 25164 CY

TOPSOIL PILES

T1: 3089 CY
T2: 754 CY
T3: 10889 CY
T4: 31400 CY
T5: 3681 CY
T6: 1144 CY
T7: 16074 CY

SUBSOIL PILES

SUB1: 65599 CY
SUB2: 10992 CY

POND AREAS
2.314 ACRES

WHOLE DISTURBED AREA
66.317 ACRES

RECLAIMED AREA
41.131 ACRES

AREAS CURRENTLY BEING MINED
5.247 ACRES

SEP 08 2015

ECS ENGINEERS

BRIAN GOOD PERMIT #624(S)

PERMIT AMENDMENT AUGUST 12, 2015
BIG HORN COUNTY, WYOMING
Township 53N, Range 93W

X0#

DEQ 7 - 013

PT. 624

ENGINEERS

Surface Report

Project Name: Z:_Active\100022_Good Mining Permits\Lower Bear Creek\CAD\100022_Quantities_081115.dwg

Report Date: 8/13/2015 4:01:06 PM

Client: Good Mining

Project Description:

Prepared by: Cody O'Bryan

Linear Units: USSurveyFoot	**Area Units:** squareFoot	**Volume Units:** cubicYard

Volume Surface: BENTONITE 2
Description: Description
Volume Cut: 0.039
Volume Fill: 25519.092
Volume Total: 25519.052
Compare Surface: B2 PILE
Base Surface: B2 BASE
Area: 111727.446

Volume Surface: BENTONITE 3
Description: Description
Volume Cut: 0.231
Volume Fill: 18177.300
Volume Total: 18177.068
Compare Surface: B3 PILE
Base Surface: B3 BASE
Area: 57568.214

Volume Surface: BENTONITE 4
Description: Description
Volume Cut: 5.558
Volume Fill: 3598.479
Volume Total: 3592.921
Compare Surface: B4 PILE
Base Surface: B4 BASE
Area: 50246.426

Volume Surface: BENTONITE 5
Description: Description
Volume Cut: 0.000
Volume Fill: 10866.861
Volume Total: 10866.861
Compare Surface: B5 PILE
Base Surface: B5 BASE
Area: 35172.934

Volume Surface: BENTONITE 6
Description: Description
Volume Cut: 0.402
Volume Fill: 5375.560
Volume Total: 5375.158
Compare Surface: B6 PILE
Base Surface: B6 BASE
Area: 45116.288

SEP 0 8 2015

DEQ 7 - 014
PT. 624

Volume Surface: BENTONITE 7
Description: Description
Volume Cut: 0.838 Volume Fill: 15261.849 Volume Total: 15261.012
Compare Surface: B7 PILE
Base Surface: B7 BASE
Area: 93389.930

Volume Surface: BENTONITE 8
Description: Description
Volume Cut: 2.482 Volume Fill: 6764.720 Volume Total: 6762.239
Compare Surface: B8 PILE
Base Surface: B8 BASE
Area: 47806.355

Volume Surface: BENTONITE 9
Description: Description
Volume Cut: 0.000 Volume Fill: 25164.073 Volume Total: 25164.073
Compare Surface: B9 PILE
Base Surface: B9 BASE
Area: 81543.972

Volume Surface: SUBSOIL 1
Description: Description
Volume Cut: 0.876 Volume Fill: 65600.010 Volume Total: 65599.133
Compare Surface: T4 PILE
Base Surface: T4 BASE
Area: 81543.972

Volume Surface: SUBSOIL 2
Description: Description
Volume Cut: 0.847 Volume Fill: 10993.254 Volume Total: 10992.407
Compare Surface: T7 PILE
Base Surface: T7 BASE
Area: 53803.021

Volume Surface: TOPSOIL 1
Description: Description
Volume Cut: 0.002 Volume Fill: 3089.337 Volume Total: 3089.335
Compare Surface: T1 PILE
Base Surface: T1 BASE
Area: 14479.735

Volume Surface: TOPSOIL 2
Description: Description
Volume Cut: 0.000 Volume Fill: 753.753 Volume Total: 753.753
Compare Surface: T2 PILE
Base Surface: T2 BASE
Area: 6882.341

Volume Surface: TOPSOIL 3
Description: Description
Volume Cut: 0.141 Volume Fill: 10888.972 Volume Total: 10888.831
Compare Surface: T3 PILE
Base Surface: T3 BASE
Area: 35705.718

Volume Surface: TOPSOIL 4
Description: Description
Volume Cut: 0.840 Volume Fill: 31400.202 Volume Total: 31399.361
Compare Surface: SUB1 PILE
Base Surface: SUB1 BASE
Area: 73830.084

Volume Surface: TOPSOIL 5
Description: Description
Volume Cut: 4.101 Volume Fill: 3684.691 Volume Total: 3680.590
Compare Surface: T5 PILE
Base Surface: T5 BASE
Area: 22253.534

Volume Surface: TOPSOIL 6
Description: Description
Volume Cut: 0.000 Volume Fill: 1143.564 Volume Total: 1143.564
Compare Surface: T6 PILE
Base Surface: T6 BASE
Area: 7264.871

Volume Surface: TOPSOIL 7
Description: Description
Volume Cut: 0.120 Volume Fill: 16073.817 Volume Total: 16073.697
Compare Surface: T8 PILE
Base Surface: T8 BASE
Area: 44221.845

2014 – 2015 Permit 624 Annual Report Bond Estimate

The disturbance associated with WDEQ/LQD Permit 624 operations was mapped on August 7th, 2015. The attached map reflects the outcome of that effort.

The Disturbance was divided into the following groups:

a. Reclaimed ≈ 41.1 acres of which liability is associated with 8.9 acres (reduction do to covering of prelaw spoil that was not reaffected other than use as an equipment camp area).
b. Topsoiled (not seeded) ≈0
c. Disturbance ≈25.2 acres
d. Pit area ≈ 5.2 acres
e. Topsoil Stockpiles ≈4.7 acres
f. Subsoil Stockpiles ≈ 3.1 acres
g. Overburden Stockpile ≈ 0 acres
h. Bentonite Stockpiles ≈ 12.0 acres
i. Pond Effected Area 2.3 acres
j. Pond Water Area 1.2 acres

The total affected over the life of the operation to date is approximately 107.4 acres.

The WDEQ/LQD's Bond Estimate for the operation is the following:

Retainage – 8.9 acres @ $350.00/ac = $3,115

Pit Backfill – [Assume required fill is 20,000 yd^3/ac] 104,000 yd^3 x $0.72/$yd^3$ = $74,880

Pickup and dispose of 0.5 of ashy material underlying Bentonite stockpiles – 12.0 acres x 0.5' = 9,680 yd^3
9,680 yd^3 x 0.89/yd^3 (Cat 637 at 1,000' haul) = $8,615

Site grading – 27.3 acres x $71.62/ac (Cat 140 patrol blade) = $1,955

Soil (respread on all affected areas except for topsoil and subsoil piles) – 17.4 acres x 0.5' = 14,036 yd^3
14,036 yd^3 x $0.89/$yd^3$ (Cat 637 at 1,000' haul) = $12,492

Scarification of all areas not seeded - 65.1 acres x $62.80/ac (Cat 140 patrol blade) = $4,088

Seed [(seed + application) (existing disturbance)] – 65.1 acres @ $200.00/ac = $13,020
(Seed price is bid on proposed mix +10% delivery + $120/ac application)

Subtotal = $118,165
Contingency Fee = $35,450
Total Estimate = $153,615 > $154,000 (rounded)
Existing Bond Held = $165,000.00
Total Excess = $11,000

RECLAMATION PLAN FOR GOOD MINING PERMIT 624(S)

TO ACCOMPANY MINE PLAN CONVERSION REQUEST NOVEMBER 25, 2013

POST MINING LAND USES

Livestock grazing and wildlife habitats are the post-mining land uses for lands affected by mining activities on the amendment area.

There is a 1.2 Acre totally encapsulated pond that is being permitted for dust control now that is intended to be left as a stock watering pond when reclamation is complete.

CONTOURING PLAN

All mining features will be graded and contoured in such a manner that the approximate original topographic contours will be reestablished or lessened to accommodate dryland pasture use. Post mining slopes will approximate the pre-mining slopes in terms of magnitude, aspect and shape and will not exceed 4(H):1(V) unless required to blend with an adjacent native or previously reclaimed slope. The operation is designed to work under the auspices of cast back mining with the majority overburden (spoil) being returned to mined-out pits. However, material swell will necessitate the creation of overburden stockpiles, which remain as permanent reclamation features. These features will be establish within the limits of prior mined-out pits, of which most of this disturbed area is considered prelaw disturbance by the WDEQ/LQD. The reclaimed spoil pile will be blended into the surrounding area, consisting of a combination of prelaw disturbance and reclaimed ground associated with current operations. Maximum height of the reclaimed spoil pile(s) is anticipated to be on the order of ten feet and the slopes will be graded to 4(H):1(V) or less prior to topsoil application and seeding.

Small ephemeral drainages which may be removed during the course of mining activities and will be reestablished at a density and gradient that mimics pre-mined conditions during the backfilling of pits and by grading and contouring. One permanent impoundment will be left as a post-mined feature near the southeast end of the permit area. In the near term, the pond will provide sediment control for the reclaimed area. Long-term, the intent of this feature is to act as a water supply source for cattle and wildlife. All reclaimed drainages will flow into this impoundment with an overflow that drains into Bear Creek.

SURFACE PREPARATION FOR TOPSOIL APPLICATION

During mining, care has been taken to salvage all suitable material between the topsoil/subsoil and unsuitable overburden. This material is stockpiled separately from the topsoil and stockpiles will be identified as either "subsoil" or "suitable" in the field. Suitable material will be spread via push-pull scrapers as the upper layer of over burden/pit backfill.

TOPSOIL REPLACEMENT

Stockpiled topsoil will be applied to the backfilled and contoured overburden with push-pull scrapers. Topsoil will be reapplied to approximately the original topsoil depth, but not less than 6". If the Topsoil resource proves to be insufficient to provide a minimum six-inch cover over the entire reclaimed surface, suitable material will be used as the final cover.

A portion of the area that has been affected by the post-transfer mining activity is located on pre-law spoil for which there was no topsoil present. Activities on these spoils primarily consist of stockpiling various materials and staging of equipment used in the operation. Aside from covering and seeding any regraded spoil generated by post transfer operations and place on prelaw spoil, Good Mining assumes no liability for the revegetation of these prelaw spoil areas. If sufficient cover/suitable material exists, Good Mining will attempt to revegetate a portion of these prelaw lands to improve the final condition of the parcel. If there is not enough cover/suitable available, it is recognized that there will be areas where reclamation directly abuts prelaw spoil.

Topsoiled surfaces, or surfaces in final cover, will be ripped along the contour. In order to avoid contamination with underlying material, the ripping depth will be confined to the depth of the topsoil or final cover. Topsoil will be applied to the affected areas as soon as possible, although the replacement schedule for topsoil application is dependent upon the mining and backfilling schedule. Topsoil application is generally conducted during the late summer or early fall, in advance of the fall planting of the permanent seed mixture.

POSTMINE SEDIMENT AND EROSION CONTROL

During reclamation sediment control will be provided using a combination of Best Management Practices (BMP's) and ASCM's. Following final contouring and topsoiling of a reclaimed area it will be ripped along the contour, which will serve to reduce any compaction present as well as create furrows that will minimize runoff potential. For reclaimed drainage channels, if determined to be necessary, straw bale check dams will be placed within the post-mined drainage to serve as energy dissipaters/sediment filters. The channel at each dam location will be slightly sub-excavated and the bales will be staked into placed such that flow is forced to remain along the centerline of the reclaimed drainage. These check dams will remain in the drainage until revegetation has been established.

If through time erosional features, such as headcuts, develop within a reclaimed channel one of several remediation measures will be implemented, depending on the conditions present. These mitigation measures include, but are not limited to: (1) armoring problematic channel reach with rock, (2) installation of rock check dams or gabion baskets keyed into the channel bed and banks to create drop structures that will reduce channel gradient, or (3) construction of point berms to force the channel to develop a more sinuous path, lessening channel gradient. (See Good Mining SWPPP for BMP typical)

The impoundment that was created by earlier mining activity will remain as a permanent feature and serve as a stormwater detention pond.

REVEGETATION PRACTICES

Cover Crops and Mulch

If a fall seeding is not possible on a topsoiled area due to weather or other circumstances, the area will be seeded with a small grain such as barley, winter wheat or millet the following spring in order to establish a cover crop. Barley and winter wheat will be drill seeded at a rate of fifty (50) pounds per acre and millet will be applied at a drill seeding rate of fifteen (15) pound per acre. Lands seeded with a cover crop will be inter-seeded with the permanent seed mixture in the autumn of the same year.

No mulch will be applied in conjunction with the reclamation activities conducted on the amendment area.

Permanent Seed Mixtures

The permanent seed mixture will be planted in the fall, generally beginning during the month of October. Seed will be planted utilizing a standard grain drill or a no-till drill. The seed will be planted approximately one-quarter to one-half inch in depth.

Species contained in the permanent seed mixture for the amendment area have been selected based on the following criteria:

- Adaptability to existing soil conditions
- Forage potential and palatability to livestock
- Forage, cover and habitat potential for wildlife
- Pre-mining presence as documented by vegetation inventory
- Reclamation success proven by previous revegetation efforts
- Contribution to species and structural diversity
- Ability to remain self-sustaining
- Commercial availability

The components of this seed mixture are listed below:

Species	Pounds of pure live seed per acre
Gardner Saltbush	4.0 lb/ac
Blue Grama	0.5 lb/ac
Bottlebrush Squirreltail	1.0 lb/ac
Species	**Pounds of pure live seed per acre**
Slender Wheatgrass	2.0 lb/ac
Crested Wheatgrass	3.0 lb/ac

Russian Wildrye	2.0 lb/ac
Rocky Mountain Beeplant	1.5 lb/ac
Falcata	2.0 lb/ac
Total	16.00

Temporary Seed Mixtures

No temporary seed mixtures will be used on the amendment area other than annual small grains previous discussed.

Protection of Seeded Areas

If necessary, newly reclaimed (seeded) areas will be fenced to protect these areas from grazing by livestock. If fences are constructed, they will be constructed to allow the egress and ingress of wildlife species.

RECLAMATION EVALUATION PROCEDURES

Reclamation Goals

All lands affected under this amendment will be reclaimed in such a manner that forage for domestic livestock grazing, wildlife forage, and wildlife habitats, will be reestablished to a condition equal to or greater than pre-mining conditions on the affected lands.

Revegetation of lands affected under Permit to Mine No. 624(s) will be considered complete and eligible for full bond release when the following criteria are met:

1) The vegetation species of the reclaimed land are self-renewing under natural conditions prevailing at the site;

2) The total vegetation cover of perennial species, (excluding noxious weed species) and any species in the approved seed mix is at least equal to the total vegetation cover of perennial species (excluding noxious weed species) on the area before mining.

3) The species diversity and composition are suitable for the approved post-mining land use; and

4) The requirements in 1), 2) and 3), are achieved during one growing season, no earlier than the fifth full growing season on the reclaimed lands.

Evaluation of Reclamation Success

Reclamation success will be evaluated by onsite inspections with WDEQ/LQD personnel and the landowner.

Good Mining personnel will make the preliminary decision on the timing of any full bond release request, based in part upon comparison of annual observations of reclamation success and progress. In general, Good Mining anticipates that 2-3 years of accumulated reclamation may be combined in a single final bond release request. Per W.S. § 35-11-423, it is understood that the vegetation retainer portion of the bond will, in general, be held for a minimum of five years after reclamation is complete. However, should the revegetation appear to be doing exceptionally well, Good Mining may request release earlier, the approval of which is dependent concurrent acceptance by the WDEQ/LQD. In each request package, Good Mining will also provide a written statement that the reclamation is satisfactory to the surface owner.

Reclamation Schedule

A pit series requires a progression of cuts before adequate space is developed to provide room to disperse the overburden from the first cut, for the management of reclamation materials and product, and for the effective mobilization of equipment. Live cast back of materials will begin as soon as adequate room for reclamation develops behind the active pit.

With the above consideration in mind, reclamation has been initiated and will continue until completion of mining operations within four years of the date that the land was first affected by mining subsequent to the Permit transfer and the current conversion (on areas where field drying is to take place, reclamation will begin within three years, and completed within five years, of the date that the land is first affected). Access and haul roads will be reclaimed, with culverts removed, as they are abandoned.

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew H. Mead, Governor

Todd Parfitt, Director

August 7, 2015

Mr. Brian Good
3796 Lane 32 ½
Greybull, WY 82426

RE: Permit 624

Dear Mr. Good:

Thank you for the opportunity for John Erickson and I to meet with you and Danae in Casper on Wednesday July 22, 2015. Also, thank you for having your engineer Shawn Gustafson with Environmental & Civil Solutions join us for our discussions. This letter is to confirm the discussions and commitments made at that meeting.

1. 2015 Annual Report – As discussed, the annual report was not submitted on or prior to the due date of June 27, 2015. The deadline of May 1, 2015 for submitting the bond increase of $51,000 as specified in letters from the WDEQ/LQD has passed without submission. During our meeting you again questioned the accuracy of the $51,000 bond increase amount. The WDEQ/LQD requested that a topsoil and subsoil/suitable material piles survey be provided, which as of our meeting had not been performed. Our agreement and your commitment at the meeting is as follows:

   - ECS Engineers was to conduct a survey of a detail to calculate an accurate volumetric analysis of the permit including all material stockpiles during the week of July 27, 2015.
   - ECS will review the field survey data and prepare the 2015 annual report. The annual report will include the detailed survey information and volumetric analysis used to estimated reclamation bond cost.
   - The completed 2015 annual report with all data necessary to fully comply with the annual report requirements will be submitted to Brian Wood no later than Friday August 14, 2015.

2. Bond Increase – The $51,000 bond increase amount was determined after discussions between Mr. Shawn Gustafson, Brian Wood and yourself. The bond increase amount was to be submitted by May 1, 2015 but has not been submitted to date. You have questioned the bond increase amount. Our agreement and your commitment was that the detailed survey and volumetric analysis to be performed by ECS Engineers would be used for the purpose of estimating the final reclamation bond amount. For this reason you stated ECS Engineers would conduct a detailed site survey. Since the 2015 annual report shall include the detailed survey information, Brian Wood will review the detailed survey information and the proposed reclamation bond amount and make a final recommendation on the bond increase amount. The WDEQ shall consider that recommendation and establish the final reclamation bond amount.

MY DETERMINATION:

1. A Letter of Violation was issued on May 12, 2015 requesting the bond increase of $51,000 be submitted by May 29, 2015. The requirements of the LOV have therefore not been complied with to date. I will put action under the LOV on hold at this time in consideration of the commitments that you have made relating to the 2015 annual report.

2. The 2015 annual report with the detailed survey data, volumetric analysis and the estimated bond amount will be provided to Brian Wood no later than August 14, 2015. The annual report will include all items necessary to be considered complete and to establish the bond amount. If these commitments are not met I will consider what further actions I will take at that time under the statutes and regulations governing such mining activities.

3. The $51,000 bond increase amount will be reconsidered as part of the review of the 2015 annual report and the final reclamation bond amount established by the WDEQ Director. That final reclamation bond amount may be higher or lower than $51,000 as based upon the detailed survey information. Once the final reclamation bond amount has been established, the bond amount shall be submitted to DEQ within 45 days of the final bond determination. I will consider what further actions I will take under the statute and regulations should the bond not be submitted within the 45 days.

I believe we established a workable path forward during out discussions. It is important to note, however, that I will need to consider further action should these agreements not be satisfied.

Sincerely,

Alan Edwards

Alan Edwards
Deputy Director

AE/jn

Cc: Todd Parfitt, Director
Kyle Wendtland, LQD Administrator
Andrew Kuhlman, AG

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew Mead, Governor

Todd Parfitt, Director

September 8, 2015

Mr. Brian Good
3796 Lane 32½
Greybull, WY, 82426

RE: Permit 624 – 2014/2015 Annual Report

Dear Mr. Good,

I have reviewed your 2014/2015 Annual Report (AR) received on August 14, 2015 and have the following initial comments with regard to the Reclamation Performance Bond Estimate:

1. Retainage acreage. Based on the information presented there is an increase in the reclaimed acreage since the last report. The attached map illustrates the areal extent of ground which was identified as prelaw disturbance by Ken Tanner and is shown on Exhibit RP-1 of the approved Reclamation Plan. Some of this area has been soiled and seeded for which the WDEQ/LQD has acknowledged no reclamation liability. Of the 41.1 acres of reclamation, liability is now associated with 22 acres, not 8.9 acres.

2. I am placing caveat on this comment as my statements are based on site conditions observed last year. I believe during last year's bond discussions that it was my contention that a portion of the disturbed area was not to final grade as all of the native drainages were not reconnected (general alignments area shown on the attached map) to allow the "Tanner" pond to function. Please explain what is area is being included in the 27.3 acres identified for *Site Grading*.

3. Soil Re-spread. Based on the information provided, there is a total of 143,622 yd^3 of topsoil and subsoil stockpiled on site. Summing the topsoil, subsoil, and bentonite pile, disturbance and pit areas = 50.2 acres. Dividing the volume by this area gives a re-spread depth of 18 inches. Removing lands under topsoil and subsoil piles, this leaves 119,700 yd^3 for re-spread. It is unclear what areas are being included in the 17.4 acres slated for replacement of six inches of topsoil. It is also unclear the disposition of the remaining stockpiled 105,000+ yd^3 of topsoil and subsoil. Please explain how the proposal meets the intent of WDEQ/LQD NonCoal Rules and Regulations Chapter 3, Section 2 (c) and provide justification for the reclamation proposal. History has illustrated the poor reclamation success on areas where there was an inadequate depth of soil applied.

4. A ground water fed impoundment has been constructed. Referring to my letter of January 15, 2015, no demonstration has been provided that a water right has been applied for from the State Engineer's Office.

If you questions concerning these preliminary comments, please do not hesitate to contact me.

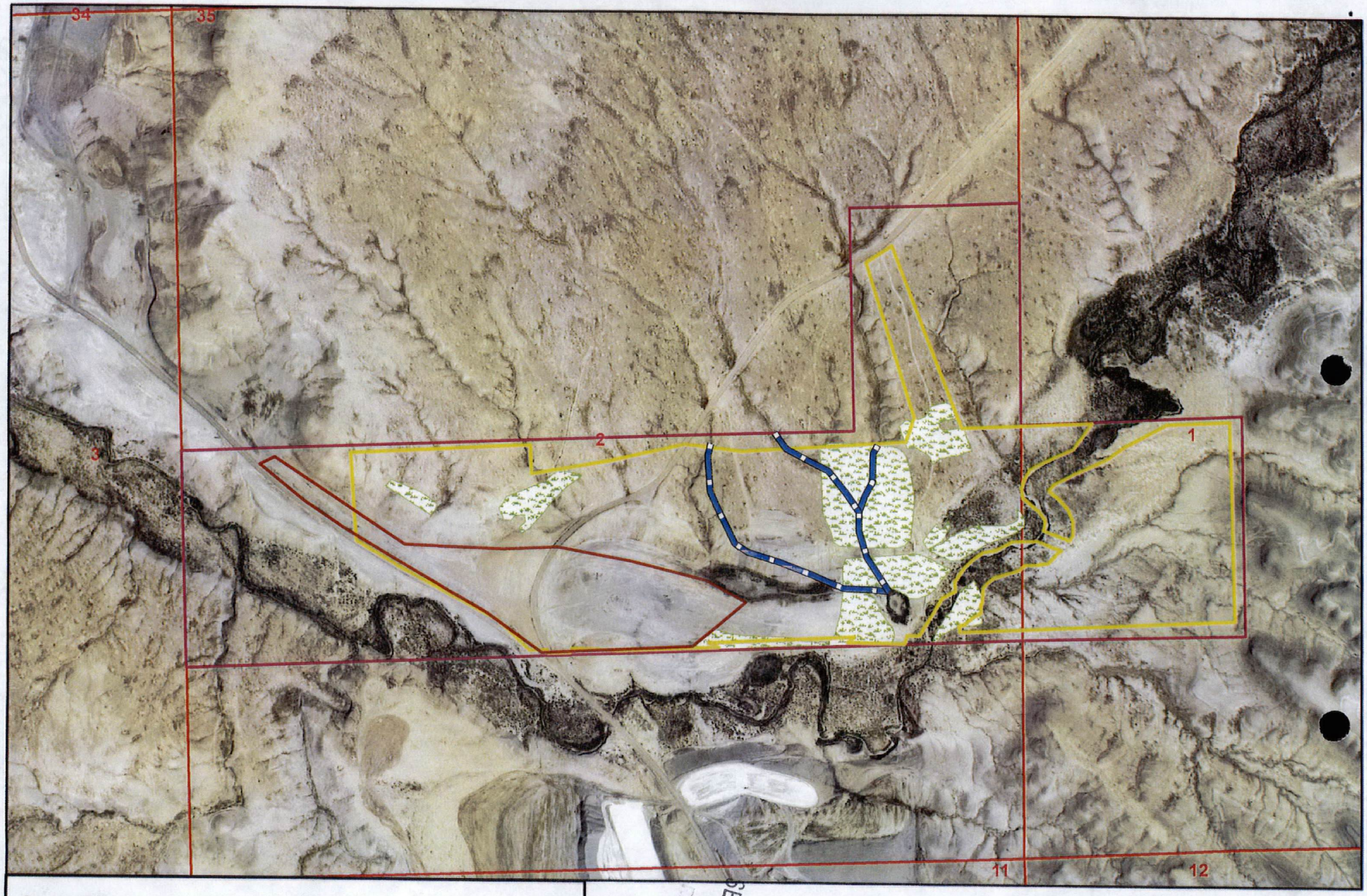
Respectfully,

SEP 10 2015

RECEIVED

Brian R. Wood
District II Assistant Supervisor

Cc WyDEQ/LQD – Cheyenne, Permit 624 Inspection / Annual Report File
WyDEQ/LQD – Lander, Permit 624 Inspection / Annual Report File
Brian Wood, Chron



Legend

- Reclaimed Drainages
- Pre-1969
- Disturbance Boundary
- Permit_624_Boundary
- 2015 Reclamation Liability

SEP 10 2015

0 400 800 1,600 Feet

1 inch = 800 feet

N

DEQ 7 - 026

November 10, 2015

Good Bentonite Company, LLC
Mrs. Danae Good
Mr. Brian Good
3796 Lane 32 ½
Greybull, WY 82426

RE: Good Bentonite Company, LLC ("Good Bentonite"), Non-coal Permits PT-533 and PT-624

Dear Brian and Danae:

This letter is in response to your e-mail request on October 15, 2015, asking me to extend the deadline for compliance stated in my previous letter dated September 16, 2015. You requested that the compliance deadline be extended to December 1, 2015. You later also provided me with a copy of an affidavit confirming that Good Mining Company, LLC, changed its name to Good Bentonite Company, LLC, and that Danae Good is an authorized officer, member and manager of that company.

I have reviewed your extension request, taking into account the following considerations:

1. The process to reach a final determination on PT-533 has so far been a multi-year sequence which is much longer than other operators are granted.
2. The market conditions have understandably affected the operational plans of many companies in the state. Market conditions do not, however, provide a basis for extension of compliance with statutory, regulatory or permit requirements. Good Bentonite has already been granted extensions that were more than generous but which cannot continue.
3. On the assumption that the request for more time is based upon a genuine desire on the part of Good Bentonite to resolve the permit deficiencies (including resolution of the outstanding EQC-approved settlement for permit PT-533), and to ensure that the resolution of the deficiencies reflect the most current bonding and reclamation information, it will be important to complete the currently required annual inspection of the property in question. Land Quality Division staff have already been in contact with you about scheduling the required annual inspection for both permits PT-533 and PT-624. These inspections must be completed in a timely and cooperative manner and time is of the essence.

With these considerations in mind, I am granting an extension until close of business Friday January 15, 2016. This extension is granted based upon the following conditions. Failure to meet any of the conditions shall be considered a rejection of the terms of this offer, and the original schedule and conditions of my previous letter, dated September 16, 2015, shall then apply.

1. Representatives of Good Bentonite shall participate in the annual inspections of the permit areas for PT-533 and PT-624. Those inspections shall be completed by the end of November 2015.
2. DEQ staff will review the results of the annual inspections and all information provided by you and your consultant to establish the current reclamation bond amounts for both PT-533 and PT-624 by close of business Friday December 18, 2015.
3. By January 15, 2016, Good Mining shall submit such amounts necessary to satisfy the full bonding requirements established by Department of Environmental Quality (DEQ) staff as a result of the annual inspections and the bonding amounts established under the March 19, 2013 Settlement Agreement. The bond must be current and all permit conditions must be met in full by January 15, 2016 as noted above or DEQ will take appropriate actions under existing statutes and regulatory authority to enforce all permit conditions relating to either, or both, permits PT-533 and PT-624.

You are requested to acknowledge both by e-mail and by certified mail that you have received this letter. You are also requested to respond in writing whether you agree to the conditions in this letter. I look forward to the final resolution of this matter by January 15, 2016. While I am hopeful that all issues will be successfully resolved by that date, please understand that DEQ is prepared to take appropriate action if they are not successfully resolved.

Sincerely,

Alan Edwards

Alan Edwards
Deputy Director

Cc: Todd Parfitt
Andrew Kuhlmann
Kyle Wendtland
John Erickson
Brian Wood

Attachment

Matthew H. Mead, Governor

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Todd Parfitt, Director

September 16, 2015 Certified Mail: 7015 0920 0001 5194 0190

Good Bentonite Company, LLC
Mrs. Danae Good
3796 Lane 32 ½
Greybull, WY 82426

Dear Mrs. Good:

I have had the opportunity to review your letter of August 10, 2015. I was sorry to receive your response after everyone's efforts to resolve the concerns for both Good Bentonite Company, LLC ("GBC") and the Wyoming Department of Environmental Quality. I believe I understand the decisions expressed in your letter, however DEQ needs some additional information before it can act upon the letter. Further, I want to make sure that you understand the potential consequences of those decisions.

DEQ records currently list the Good Mining Company, LLC as the operator of PT-533. The records available on the Secretary of State's website indicate that Good Mining Company, LLC changed its name in May of this year to Good Bentonite Company, LLC. That website also lists Mr. Good as the "organizer" and only listed officer for the company. As a result, DEQ does not have a record of whether or not you are an officer of GBC authorized to make the requests identified in the letter. DEQ needs documentation to verify that GBC is the correct name of the permit operator and that the letter you sent was an officially authorized communication to DEQ on behalf of GBC. You can provide this verification by sending documentation of the company's name change, and by providing either documentation that you are an authorized officer of GBC or documentation that Mr. Good is an authorized officer of the company and that he reaffirms the statements in your letter of August 10, 2015. **Please provide this documentation no later than October 1, 2015.** Once DEQ has the additional information just described, DEQ will work to take appropriate action.

Reclamation is a requirement of every permit regardless of the permittee, and GBC has legal obligations to reclaim the lands affected by PT-533. If GBC intends to try to avoid these obligations and to have DEQ forfeit the bonds for PT-533 and perform the reclamation, be advised that GBC's decision may have several significant consequences. You may wish to consult with legal counsel to make sure you are fully advised about these potential consequences.

First, GBC's decision to cease operations without then completing proper reclamation would be a violation of PT-533 and applicable statutes and regulations. As a result, DEQ would likely issue an NOV and may seek penalties or other relief to correct the violation.

Second, if bonds for PT-533 are forfeited or if PT-533 or GBC's operator license are revoked, these results may prevent you or GBC from obtaining future permits, permit extensions, or operator licenses.

Third, GBC must still provide DEQ with the $40,000 bond increase required under the existing Settlement Agreement executed between Good Mining and DEQ on March 19, 2013. The Settlement Agreement was accepted by both Good Mining and DEQ and remains a legally binding agreement that Good Mining (now GBC) must comply with. **GBC must provide the $40,000 bond increase to DEQ no later than October 23, 2015.** If GBC does not, DEQ will have no option but to seek recovery under that Settlement Agreement through appropriate avenues.

Finally, if DEQ undertakes reclamation after forfeiting the existing bonds and obtaining the $40,000 bond increase from GBC, but that funding does not prove to be sufficient to fully reclaim the site, DEQ will also be required to pursue legal proceedings to recover the full amount necessary to complete reclamation.

Please let me know if you have any alternative course of action to recommend or any questions about the contents of this letter. Otherwise, we will anticipate receiving the information requested above and the $40,000 bond increase. Once DEQ has the additional information we have requested, we will be able to determine the next appropriate step to take.

Sincerely,

Alan Edwards

Alan Edwards
Deputy Director

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Matthew Mead,
Governor

Todd Parfitt,
Director

December 11, 2015

Mr. Brian Good
3796 Lane 32½
Greybull, WY 82426

RE: Permit 624, Annual Inspection

Dear Mr. Good:

On November 24, 2015 John Erickson (District Supervisor) and I met you, Danae and Lacee for the purpose of conducting inspections of Permits 533 and 624. You provided us with an overview as to what was occurring and the plans for the future at each site. At the present time, site activities consisted of gradual mining of the active pit east of Bear Creek, hauling stockpiled bentonite to MI, LLC's plant, consolidating stockpiled materials, and ripping / discing of stockpiled bentonite to facilitate field drying.

All issues discussed in the field I believe are addressed in either this Inspection Report or the one for Permit 533 (North Bear Creek). The attached map is based on the map provided with the 2015 Annual Report with the only addition being the bentonite stockpile at the very west end of the permit area. This Report contains a bond estimate based on information provided in the Annual Report and field observations. The Reclamation Performance bond for Permit 624 is estimated at $220,000.00 which is a $55,000.00 increase over the amount currently held by the State. Please review the contents of the enclosed reports carefully and if you have any questions about their contents or find something in error, please contact me.

Sincerely,

Brian R. Wood
District II Assistant Supervisor

w/ enclosure – 2015 Annual Inspection Report for Permit 624

cc WyDEQ/LQD Cheyenne Office – Permit 624 Inspection File
John Erickson > WyDEQ/LQD Lander Office Permit 624 Inspection File
Alan Edwards, WDEQ Deputy Director
Brian Wood, Chron File

SMALL MINE
INSPECTION REPORT

Wyoming Department of Environmental Quality, Land Quality Division
510 Meadowview Drive Lander, WY 82520
Phone: (307) 332-3047 FAX: (307) 332-7726 FAX2: (307) 332-3183

Permit Number:	PT0624	**Permittee:**	GOOD, BRIAN
Inspection Date:	11/24/2015	**Inspector(s):**	John Erickson, Brian Wood
Report Date:	12/11/2015	**Participant(s):**	Brian "Pablo" Good Danae Good Lacee Good
Last Inspection:	9/23/2014	**Current Bond:**	$165,000
Inspection Reason(s):	Annual	**Field Conditions:**	
		Approval Date:	6/27/1989

Status:	Not Specified	**Approved Acreage:**	235
County:	Big Horn	**Mineral:**	Bentonite
Total Disturbed Acres:			

Opening Comments

All aspect of this report: Cover Letter, Report proper including photos, and map are included as attachments

Inspection Recipient and Attachment Information

Recipient	Email	Address/Notes
Operator	No	GOOD, BRIAN sent via USPS

Attachment Types: [X] Photo Addendum [X] Map(s) [ ] Table(s) [X] Other

Attachment Notes

Type	FileName	Size (MB)	# Pages
Cover Letter	2015_624_InspectionReport_CoverLetter.pdf	0.19	1
Attachment	PT624_NOVEMBER 2015 IR.pdf	2.28	9
Attachment	624_2015_Inspection_Report_Map.pdf	3.63	1

NOVEMBER 2015 INSPECTION REPORT

MINE: Good Bentonite Company (GBC) – South Bear Creek, Permit 624

INSPECTION DATE: November 24, 2015

REPORT DATE: December 11, 2015

PARTICIPANTS: John Erickson, WDEQ/LQD District 2 Supervisor
Brian Wood, WDEQ/LQD District 2 Assistant Supervisor

PREPARED BY: Brian Wood, WDEQ/LQD District 2 Assistant Supervisor

INTRODUCTION

The Annual Report (AR) for Permit 624 was received electronically on August 14, 2015. The Report was reviewed and a letter was sent on September 8, 2015 requesting some clarifications be provided. No response was provided. One of the comments concerned the respread of top and sub soil (Soil) material stockpiled at the site. During the inspection Mr. Good indicated that a portion of the stockpiled Soil would be hauled to the North Bear Creek Mine and used as additional cover on some of the areas previously reclaimed by Black Hills Bentonite where cover was thin and the revegetation had performed poorly. This may be possible dependent on a demonstration that an adequate volume of Soil exists to reclaim the existing liability at South Bear Creek. This issue aside, GBC has never accounted for this effort in bonding calculations presented for Permit 533 or 624. Therefore, for bonding purposes this proposed effort is not considered.

A portion of Permit 624 was disturbed prior to the passage of the Open Cut Land Reclamation Act (OCLRA) of 1969. Much of the "Pre-Law" area (areal extent shown on the attached map) was not directly re-affected by mining activity. In other words, it was used for ancillary purposes such as an equipment camp site or storage. As indicated in the approved Reclamation Plan, there is no revegetation liability associated with the Pre-Law area. As shown on the attached map, much of the Pre-Law area has been reclaimed; if the reclamation in these areas is successful and there is an area where a revegetation liability exists that is not successful, a land exchange is possible.

The AR Map was based on site mapping completed by ECS Engineers during the first part of August 2015. The number of changes since that time are minimal. Bentonite Pile BP-1 is not shown on the AR map but a volume is provided; it may be reasonably assumed as the pile identified as BP-1 on the attached map which was observed during the site inspection. Bentonite Piles BP-5, BP-6, and BP-8 have either been hauled to a GBC customer or have been consolidated into another pile. Topsoil pile TS-6 has been re-spread and no longer exists. The Camp Area has now been relocated to an area on the west side of Bear Creek adjacent to the crossing. The attached map is a reproduction of the 2015 AR Map, but adds the Bentonite Pile BP-1 and also shows the approved Disturbance Boundary and lands identified as "Pre-Law" from original permit maps. All disturbance is within the Permit Area Boundary with the exception of a corner of Subsoil Pile SS-2.

SITE INSPECTION

The bentonite market is soft at the moment. At the time of the inspection Mr. Good's field crew appeared to consist of three individuals. Assuming sales improve after the first of the year, staff will be added and reclamation operations will recommence in the pit series west of the access road that bisects the permit area. No issues were noted with runoff from bentonite stockpile areas and contaminating either stockpiled Soil or adjacent native areas.

Pits

There are currently two active pits, referred to as "East" and "West" in this report based on their location. The West Pit has been mined out. Assuming John and I understood Mr. Good correctly, this was the last pit related to mining west of the access road that bisects the Permit Area. **Photo 1** illustrates the West Pit. We did not perform a measurement in the field, but it is estimated that "west" pit endwall and the "north" pit highwall average 40 feet in height. The northwest corner of the pit is right at the edge of the permit area boundary and with this in mind highwall reduction as a means of reclamation is limited. No stability issues were noted with the walls.

Photo 3 looks from the inside of the West Pit along the void between the spoil dump and a partially reclaimed bench to the north. The spoil dump will need to be reclaimed in some manner. Some options include grading in place to establish a suitable slope from the reclaimed / disturbed area to the north, placement in the West Pit, or some combination of the two.

Photo 2 shows the active East Pit. At the time of the inspection a crew of two were active in stripping overburden to expose the Flat Bed seam of the Frontier Formation. The material was being dumped in a mined out section of the pit to the west. Recently there has been a rise in the local water table as there is a small amount of water puddling on top of the seam as can be seen in the referenced photo. The East Pit series is all that remains in terms of approved mining.

Topsoil

In general Soil salvage operations have been good. Aside from the Pre-Law lands discussed in the Introduction, all of the disturbed lands were vegetated prior to mining. The dominant species in the area appears to have been Gardner Saltbush (see **Photo 5**). To date, it appears that provided materials are handled cautiously during mining, meaning burial of all bentonitic materials, a sufficient soil resource has been salvaged to date to facilitate reclamation success. **Photo 6** provides an example of Soil salvage efforts that are assumed to have been generally practiced during mining. The photo also shows that an adequate buffer zone has been established between native land and active mining in the East Pit series.

Two problem areas were noted during the inspection. The first is located around the perimeter of the West Pit. **Photo 4** shows the inadequate buffer zone between the end / high wall crest and the adjacent native ground. The second area noted is shown is **Photo 7** where it appeared some Soil was randomly bucked up into a corner near the creek crossing. This material should either be picked up and added to an existing Soil stockpile or picked up and used during GBC's next "live spread" operation. Topsoil / Subsoil signs were not observed on all piles; all Soil piles should be identified as required under NonCoal Rules and Regulations, Chapter 3, Section 2 (c)(i)(D).

Impoundments

There are two impoundments within the Permit Area Boundary, referred to as “North” and “South” in this Inspection Report. The South Impoundment was created by Ken Tanner, the prior permittee. As mentioned in prior correspondence as well as on-site during the inspection, the drainages to the north must be reconstructed such that this impoundment can continue to function as originally intended. The North impoundment was created approximately a year ago. It is intended to function primarily as a ground water fed impoundment; the primary water source being the Bear Creek alluvial aquifer. There is small drainage that comes down from the north that intersects the northeast corner of the impoundment. A discussion was held in the field regarding the disposition of this channel and I indicated that rock-lined inlet channel would need to be constructed given the channel slope that would be involved.

During the inspection, Mr. Good indicated that the water level in the North impoundment recently rose approximately 15 feet. Within the confines of the impoundment, there were two ramps that provide a circular drive access to the “water’s edge”, presumably to obtain water for dust suppression purposes. The base of the circular drive area appeared to be well saturated, making use of the water haul travel route as originally intended risky, if not impractical. This evidence supports that a rise in water level occurred. Further, several tension cracks were noted in the unconsolidated regraded backfill on the west side of the impoundment. These are shown in **Photo 9.** There could be the potential for future settling of the fill in this area as it consolidates through saturation. **Photo 10** is a close-up of one of the cracks easily appeared to be five deep, though not directly measured. This condition as well as the need for additional grading of the impoundment’s perimeter, especially along the north and east sides suggests there is still a fair amount of earth movement required around the North impoundment.

I have contacted the State Engineer’s Office and it does not appear that a water right has been secured for either impoundment. Securing a water right was addressed in my January 2015 letter. In particular with the North impoundment it would advised to secure a water right before pursuing any additional reclamation work in the areas that abut the impoundment.

Reclamation

To date, there has been approximately 36.2 acres that have been “reclaimed” within the permit area boundary. **Photo 8** shows some of the most recent reclamation completed in the pit series on the east side of Bear Creek. Based on the site inspection, not all of the areas indicated as reclaimed on the AR map have been seeded. Revegetation success to date on those areas that have been seeded has been poor. For bonding purposes rather than assume a retainage cost for areas that have been seeded, a seeding cost is applied to all disturbed areas whether or not they have been completely reclaimed minus those initially identified as “Pre-Law”.

Regrade of the disturbed area is not complete as there is a need to re-establish the drainage network. This issue was discussed in the field. In addition, as mentioned in prior correspondence, the drainage network for the mine area east of the access road and west of Bear Creek needs to be re-established in order for the South impoundment to function as intended.

Bond Estimate: The table below contains a bond estimate which based on information presented in the AR as well as observations made during the inspection. The bond estimate assumes replacement of 18 inches of topsoil over all disturbed lands, excluding areas shown to be "Pre-Law" that have not been reclaimed to date. Aside from "Pre-Law" lands, all other lands were vegetated prior to disturbance. Permit 533 provides a good example of the revegetation problems with only spreading six inches of soil as is proposed in the AR. The required material to achieve the 18-inch replacement depth is shown to be available and should be utilized for that purpose.

2015 Bond Estimate for Permit 624			
	Unit	Unit Cost	Total
West Pit Backfill (1)	48,000	$1.00	$48,000.00
West Pit Spoil, Assume half the width of the arm (30') x est. pile height 15' x 600'	5,000	$0.28	$1,420.00
East Pit backfill (2)	25,000	$0.40	$9,900.00
North Pond, reduction of vertical pit walls to 3(h):1(v) (4)	16,800	$0.22	$3,696.00
Ashy Material Disposal [cu-yds, 12.9 ac @ 0.5' deep] (3)	10,400	$1.13	$11,752.00
Site Grading [acres, all acreage not designated as reclaimed] (5)	54	$71.62	$3,867.48
Soil Respread [cu-yds, 37.4 * 1.5'] (6)	90,508	$0.84	$75,574.18
Scarification of all areas not seed (7)	40.12	$62.80	$2,519.54
Seed [ac,($81.80 seed +10% tax and delivery + $90 application)]	67.36	$180.00	$12,124.80
Total			$168,854.00
Contingency Fee (30%)			$50,656.20
Total			$219,510.19
Rounded Bond			220,000.00
Existing Bond			165,000.00
Shortfall			55,000.00

(1) The Northwest corner of the pit appears to abut land not owned by GBC > limited opportunities for highwall reduction. Cost estimate assumes hauling backfill material using 637 scrapers from approximately 1,000 feet away. Volume calculated assuming a 40' west wall and a 25' east wall w/ a pit floor area of 0.92 acres.

(2) Assume the pit void encompasses 1.4 acres, required backfill equals 18,000 cubic-yards per acre. Topsoil to be windrowed off reclaimed area to west. Use a D10T, average push distance is 200', assume 5% downhill grade.

(3) Material to be used to buttress the failing portion of the North Pond failing west slope. Guideline 12A - assume 1,500 haul with Articulated Trucks and placement with D9T within North Pond to buttress slope.

(4) North Pond, Assume 750' of vertical wall along the south, east and north wall with an average height of 40' reduced to a 3(h):1(v) slope. Reduce using a D9T.

(5) A site grading cost was applied to the entire disturbed area understanding that not all lands are in need of grading. However the drainage system west of the access road as well as to the South Pond to insure functionality must be re-established. Thus, it is assumed that a cost for light grading of the entire disturbance will balance with a more intensive effort in localized areas.

(6) Available topsoil and subsoil to cover disturbance, pit, and bentonite stockpile areas with 18" of suitable growth medium (top and sub soil), not within the PreLaw envelope.

(7) Unit scarification cost Guideline 12A

2015 Permit 624 Annual Inspection Photo Addendum

Photo 1 (above) looks northeast and shows the mined out West Pit. Based on mapping provided in the Annual Report and as shown on the attached map, the northwest corner of the pit is at the permit area boundary. **Photo 2 (below)** looks generally south and shows the active mining in East pit on the east side of Bear Creek.

Photo 3 (above) looks southeast from inside the West Pit and shows void between the spoil dump and the disturbed area to the north. This area is shown as the “arm” off the West Pit on the Annual Report Map. **Photo 4 (below)** looks northeast along the west endwall of the West Pit and shows that an adequate topsoil buffer zone was not established at the crest.

Photo 5 (above) looks east from the northeast corner of East Pit and provides a view of the native vegetation in the area that is dominated by Greasewood and Gardner Saltbush. **Photo 6 (below)** looks south along the area where topsoil was salvaged in advance of mining the East Pit. It appeared that approximately one foot of material had been salvaged.

Photo 7 (above) looks west at an area of *orphaned* topsoil that pushed up near the northwest corner of the East Pit. To avoid contamination this material should either be placed in a stockpile or picked and "live spread" during the next sub / top soil respreads effort. **Photo 8 (below)** looks south across the recently reclaimed area immediately east of Bear Creek. The bentonite stockpile in the background is associated with WDEQ/LQD Permit 278.

Photo 9 (above) looks north-northwest across a regrade area on the side of the north pond area where a series of tension cracks have developed. **Photo 10 (below)** is a close-up of a tension crack.

BP-1
BP-2
BP-3
BP-4
BP-5
BP-6
BP-7
BP-8
BP-9
TS-1
TS-2
TS-3
TS-4
TS-5
TS-6
TS-7
SS-1
SS-2
1
2
3
10
11
12

Legend

- Disturbance Boundary
- Permit 624 Boundary
- Pre -1969 Disturbed Area
- Reclaimed Land
- Disturbed Land
- Pond Area
- Area Access Roads
- Topsoil Pile
- Subsoil Pile
- Bentonite Stockpile
- Active Mine Areas

Township 53N, Range 93W

0 250 500 1,000 Feet

1 inch = 500 feet

N

Permit 624 - Inspection Map

Brian Good
3796 Lane 32 1/2
Greybull, WY 82426

DEQ 7 - 043

Matthew H. Mead, Governor

Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

DEQ

Todd Parfitt, Director

December 16, 2015

CERTIFIED RETURN MAIL RECEIPT REQUESTED #7015 0920 0001 5194 0527

Mr. Brian (Pab) Good
3796 Lane 32½
Greybull, WY 82426

RE: Bond Amount for Permit No. 624

Dear Mr. Good:

The information presented in the 2014 - 2015 Annual Report for Permit No. 624 has been reviewed by the Wyoming Department of Environmental Quality / Land Quality Division (WDEQ/LQD), District II staff. The Annual Inspection of the site was conducted on November 24, 2015. In accordance with W.S. §35-11-411(d), the bond amount is set at $220,000. This represents an increase of $55,000 over the bond amount of $165,000 currently held by the State of Wyoming. Please contact Ms. Carol Bilbrough, WDEQ/LQD Program Manager, at (307) 777-7756 with any questions you may have regarding the bonding of your operation. All bonds should be submitted to the WDEQ/LQD within forty-five (45) days of your receipt of this letter, care of Ms. Carol Bilbrough.

This bond amount is based solely on an estimate of the cost of the State of Wyoming performing reclamation in the event of bond forfeiture. If this estimate proves to be less that the amount required, the WDEQ will bring suit to recover the additional cost as allowed under W.S. §35-11-422.

Should you have any questions, please contact John Erickson, WDEQ/LQD District II Supervisor, at the Lander Field Office at (307) 332-3047.

Sincerely,

Todd Parfitt
Director

TP:JE:kp

cc: Carol Bilbrough – WDEQ/LQD Cheyenne
Brian Wood – WDEQ/LQD Lander

MEMORANDUM

To: Alan Edwards, WDEQ Deputy Director

Through: John Erickson, WDEQ/LQD District 2 Supervisor

From: Brian Wood, WDEQ/LQD District 2 Assistant Supervisor

Date: January 19, 2016

Subject: Response to Danae Good email dated January 11, 2016

Danae Good's e-mail to John Erickson stated the following:

We would like to contest the bond increase on permit 624. DEQ wanted Brian and Danae Good to have the permit area surveyed and it was complete on 8/13/15. It was founded to be bonded in an access of $11,000.00

It seems DEQ is referring and using our survey and engineering maps but not the correct numbers. We are wondering if this is just an oversight and would like to set up a meeting with you and Todd Parfitt to discuss at your earliest convenience.

Response

It should be clearly understood that the WDEQ/LQD does not necessarily accept an Annual Report (AR) as submitted. With respect to the Reclamation Performance Bond Estimate, the information presented in the Annual Report is reviewed, a site inspection conducted, and based on these the bond is set. The final bond amount set through the Director's Bond Letter does not necessarily reflect the estimate provided in the initially submitted AR. The apparent contention between the Good's and I are what is determined to be the "correct" numbers when it comes to the results of the survey. I do not particularly take issue with the results of the survey, but rather with the manner in which the data generated were used to generate the bond estimate provided in the AR. Initial AR comments were sent to Mr. Good on September 8, 2015; no responses have been received by LQD to date.

A comparison of all aspects of the AR and 2015 November Inspection Report (Report) bond estimates indicates limited differences in bond cost in a gross sense with the exception of *Soil* (Topsoil and Subsoil) respread. The AR states that there are 67,031 yds^3 of topsoil and 76,591 yds^3 of subsoil stored on site. At the time of the November inspection Topsoil Pile (No. 6) had been respread, such that the volume of available topsoil is reduced by 1,144 yd^3, leaving a total of 65,887 yd^3 available for reclamation. The AR indicates topsoil respread of 14,036 yd^3, which equates to the areas identified "Pit" (≈5.2 acres) and "Bentonite Stockpile" (≈12 acres) in the AR.

The respread depth is 0.5 feet, which is based on the Reclamation Plan included as part of the AR.

I take issue with the *Topsoil* Application portion of the AR bond estimate for several reasons. First and strictly approaching the issue from a cost accounting no explanation or cost is provided for how the remaining *Soil* is to be handled. If 18 inches of *Soil* is left under each pile, there is 123,360 yds^3 available for reclamation. Taking the reclamation scenario presented in the AR, there is 109,320 yds^3 of *Soil* remaining which is not dealt with in the AR bond estimate.

Second, if the Good's did not see the need to salvage and separately stockpile the volume of *Soil* on site for purposes of reclamation, then why was the operation to this extent undertaken? The question is posed since the more special handling that is performed, the higher the operational costs. If the intent was not to use the salvaged *Soil* for reclamation purposes, then an explanation should be provided. Areas reclaimed to date are covered with approximately 18 inches of *Soil*. The issue was dealt with under Comment No. 3 in my September 8, 2015 letter. As indicated in the opening paragraph, no response to those comments has been provided. NonCoal Rules and Regulations, Chapter 3, section 2 (c) (i) and (ii) require the salvage of all available topsoil and subsoil unless the operator can demonstrate that the material is not needed; a demonstration to this effect has not been made.

Third, it may be concluded from the AR bond estimate that all areas that have been disturbed by mining activity except those areas identified as "Pit" and "Bentonite Stockpiles" have been *Topsoiled*. This would include lands identified in the AR as "Disturbed". If this is the case then all haul truck and equipment traffic are driving on *Topsoiled* ground, which is in violation of WDEQ/LQD NonCoal Rules and Regulations, Chapter 3, Section 2 (c)(i)(A) and (B) and warrants the issue of a Notice of Violation. In reality, this was not the condition observed during the November 2015 Inspection; there are approximately 37.5 acres of "Disturbed Lands" which have not been topsoiled. <u>At the AR proposed minimum respread depth of six inches, this would amount to another 30,000 yd^3 of soil that was not accounted for in the AR bond estimate. At the AR unit cost for replacement and including 30% contingency, this would indicate that the AR bond estimate is approximately $35,000.00 short.</u>

Fourth, on several occasions Mr. Good has remarked about the inadequate depth of topsoil that has been respread by former Permit 533 operators as one of the primary causes of limited revegetation success. The *exact* average respread depth is unknown, but I would assume somewhere between four and six inches. Knowing of the general revegetation failure at Permit 533 as well as several other operations using this thin application depth, it is reasonable to assume that a repeat of a similar activity has a high potential of repeating history (i.e. reclamation failure). To this end, Mr. Good mentioned hauling some soil to Permit 533 to provide additional cover for the area of failed revegetation. As described in the Report, there has been no inclusion of this proposal in either the Permit 533 or Permit 624 AR bond estimates. The haul distance is approximately 4.5 miles. To cover the failed area with a foot of material amounts to approximately 34,000 yd^3. I do not have a firm unit cost for performing the proposed activity

without making inquiry, but I would assume nothing less than $0.90 per yd^3 just to cover the haulage cost.

I think my assumptions in the Report are reasonably well documented. There is 142,478 yds^3 of soil available. If 18 inches of material is left in place under each *Soil* stockpile, this equates to 19,118 yds^3, leaving 123,360 yds^3 available for reclamation. My estimate is only accounting for the replacement of 90,500 yds^3 to cover areas not identified as "PreLaw" with 18 inches of soil. I consider this to be the minimum level of reclamation.

Lastly, John and I indicated that we would be accepting of ground water fed impoundment during the January 2015 meeting provided that a State Engineer's Office (SEO) permit could be obtained. My inquiries with the SEO indicate that no permit has been issued for this impoundment. Furthermore, between the remaining highwall reduction obligation and the stability issue observed during the November inspection, I question whether the pond remains viable (ground water fed) after these issues are addressed. No costs have been incorporated into the AR or Report bond estimates to address reclamation of the pond should it not be determined viable.

Based on all of the above, I believe the $220,000.00 reclamation estimate is fair.