



October 21, 2016

Ms. Lana Gallegos
Town of Gypsum
P.O. Box 130
Gypsum, CO 81637

Coyote Gravel Pit – Water Information

Dear Ms. Gallegos:

Elam Construction, Inc. has prepared this letter in response to your email dated October 20, 2016 requesting additional information regarding the water sources for the proposed Coyote Gravel Pit (Coyote Pit). The information addressing each of the items outlined in your email is provided below.

1) Ownership of water rights, seniority and decreed uses of the water rights, identification of the rights, title to or legal right to use the water

The water rights currently owned by Mr. Karl Berger include an 80 percent interest in Yost Ditch and 100 percent interest in the Indian Camp Alternate Point which is a decreed alternate point of diversion for the Mr. Berger's interest in the Yost Ditch. The Yost Ditch was decreed in Case No. CA0466 (adjudication date 12-09-1907) for irrigation use with a total decreed rate of 4.198 cubic feet per second (cfs) absolute. Yost Ditch derives its source of water from Deep Creek, tributary to the Colorado River. Water diverted at the Yost Ditch headgate is delivered to Mr. Berger's property through a ditch that is piped across the Colorado River upstream of his property. Water is pumped directly from the Colorado River adjacent to Mr. Berger's property at the Indian Camp Alternate Point. Elam recognizes that the water rights held by Mr. Berger in the Yost Ditch and Indian Camp Alternate Point cannot be used to provide industrial water for gravel operations at Coyote Pit.

Coyote Pit will be operated as a dry pit, and groundwater will not be exposed during or after gravel mining operations. In addition, operations will be of limited duration, with a current lease term of ten years. Based on discussion with both the Assistant Division Engineer for Water Division 5 and the local water commissioner for District 53, no water rights will be obtained to support mining operations. Rather, the mine's water requirements will be met by making diversions at the Yost Ditch headgate or the Indian Camp Alternate Point during free river conditions, when no calls have been placed by downstream water users. Any diversions made at the Yost Ditch headgate to support mining operations will not reduce the amount of water that other water users on the ditch are entitled to receive.

It is recognized that a downstream call could be placed on the Colorado River at any time during the year. To avoid curtailment of diversions for the Coyote Pit in response to a potential year-round call, water will be annually purchased in Wolford Mountain Reservoir to cover the total annual diversions required to support operations plus conveyance losses. Delivery of purchased water stored in the reservoir will be administered by the District 53 water commissioner and diverted at Yost Ditch and/or the Indian Camp Alternate Point.

2) Information regarding domestic and sanitary needs

As indicated in Mr. Patrick's memo to the Town of Gypsum dated October 14, 2016, water for domestic and sanitary needs will be delivered to the Coyote Pit by a commercial water provider. Portable toilets will be provided onsite; therefore, no wastewater treatment will be required. Existing wells supply domestic water for the cabin on Mr. Berger's property and the homes located on property currently owned by Mr. Roy Miller.

3) Address administration and replacement of evaporation

As discussed in item 1 above, groundwater will not be exposed during mining and water will only be diverted for use at the Coyote Pit only during "free river" conditions or when water purchased in Wolford Mountain Reservoir is being delivered to the property. Therefore, no administration or replacement will be required for any evaporation of water diverted for use at the Coyote Pit.

4) Identify water source for reclamation needs

Water to support reclamation of the site following completion of mining operations will be supplied in the same manner as the water supplied to support mining operations. As discussed above, these include diversions at Yost Ditch and/or the Indian Camp Alternate Point during "free river" conditions or when water purchased in Wolford Mountain Reservoir is being delivered to the property.

If you have any questions or would like additional information regarding water supplies for the Coyote Pit, please contact Bill Merrill at bmerrill@westernwaterandland.com or (970) 242-0170 or me at Jon.Mueller@elamconstruction.com or (970) 242-5370.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Mueller". The signature is fluid and cursive, with the first name "Jon" and last name "Mueller" clearly distinguishable.

Jon Mueller
Environmental Compliance Coordinator