

October 27, 2014

Tom Eve
Butala Construction Company
9000 CR 152
Salida, CO 81201



COLORADO
Division of Reclamation,
Mining and Safety
Department of Natural Resources

1313 Sherman Street, Room 215
Denver, CO 80203

RE: Butala Pit, Permit No. M-1987-127, Reclamation Costs Update and Notice of Surety Increase (SI-3)

Dear Mr. Eve:

In an effort to ensure the Financial Warranty for the above referenced site adequately reflects the actual current costs of fulfilling the requirements of the approved reclamation plan, the Colorado Division of Reclamation, Mining and Safety (Division) has updated the reclamation cost estimate (copy enclosed). ***Therefore, pursuant to Section 34-32.5-117(4) of the Colorado Land Reclamation Act, adequate Financial Warranty must be submitted to the Division within 60 days of the mailing date of this letter.*** The additional amount needs to be accepted prior to **Friday, December 26, 2014**. Please review the enclosed figures as soon as possible and contact our office if any calculation errors are noted.

Staff calculations estimate the cost to reclaim the above referenced site to be \$54,336.00. This is an increase of \$10,719.00 over the \$43,617.00 currently held by the Division. This estimate is based on conditions observed during the September 10, 2014 inspection.

Please make arrangements with Barbara Coria at the Division of Reclamation, Mining and Safety Denver Office, phone no. 303.866.3567, ext. 8148 for submittal of the financial warranty. Any questions regarding completion, execution and/or submittal of financial warranty forms should also be directed to Barbara Coria.

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

Sincerely,



Dustin Czupla

Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety
101 South 3rd, Suite 301
Grand Junction, CO 81501
Phone: (970) 243-6299
Fax: (970) 241-1516

Enc: Financial Warranty Cost Estimate



COST SUMMARY WORK

Task description: Review reclamation costs

Site: Butala Pit

Permit Action: 2014-09-10
Inspection

Permit/Job#: M1987127

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 10/27/2014

County: Chaffee

Filename: M127-000

User: DMC

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Grade overburden and waste rock at base of highwall	DOZER	1	1.42	\$243.00
02a	Rip bench/stockpile area prior to topsoil application	RIPPER	1	0.93	\$160.00
03a	Import topsoil	NA	1	0.00	\$36,527.00
04a	Distribute topsoil	DOZER	1	9.45	\$1,622.00
05a	Revegetate disturbed area	REVEGE	1	7.50	\$1,841.00
06a	Mobilize reclamation crew/equipment	MOBILIZE	1	5.60	\$2,333.00
<u>SUBTOTALS:</u>				24.9	\$42,726

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02%

Total = \$863.07

Performance bond: 1.05%

Total = \$448.62

Job superintendent: 39.41 hrs

Total = \$2,962.06

Profit: 10.00%

Total = \$4,272.60

TOTAL O & P = \$8,546.35

CONTRACT AMOUNT (direct + O & P) = \$51,272.35

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 500.00

Total = 500.00

Engineering work and/or contract/bid preparation: 0.00%

Total = \$0.00

Reclamation management and/or administration: 5.00%

\$2,563.62

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$11,609.97

TOTAL BOND AMOUNT (direct + indirect) = \$54,335.97

BULLDOZER WORKTask description: Grade overburden and waste rock at base of highwallSite: Butala PitPermit Action: 2014-09-10 InspectionPermit/Job#: M1987127**PROJECT IDENTIFICATION**Task #: 01AState: ColoradoAbbreviation: NoneDate: 10/27/2014County: ChaffeeFilename: M127-01a

1:26:44 PM

User: DMCAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D7R DS Series II LGPHorsepower: 238Blade Type: StraightAttachment: NAShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$49.84	NA
Operating Cost/Hour:	\$83.73	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.01	NA

Total unit Cost/Hour: \$171.57Total Fleet Cost/Hour: \$171.57**MATERIAL QUANTITIES**Initial Volume: 600Swell factor: 1.000Loose volume: 600 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 50 feetUnadjusted hourly production: 800.0 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: 0 %Average site altitude: 11,700 feetMaterial weight: 2,600 lbs/LCYWeight description: Limestone - Broken**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)
Visibility:	1.000	(AVG.)

Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(FND-RF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.885	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.5289

Adjusted unit production: 423.12 LCY/hr

Adjusted fleet production: 423.12 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.405/LCY

Total job time: 1.42 Hours

Total job cost: \$243

BULLDOZER RIPPING WORK

Task description: Rip bench/stockpile area prior to topsoil application

Site: Butala Pit Permit Action: 2014-09-10 Inspection Permit/Job#: M1987127

PROJECT IDENTIFICATION

Task #: 02A State: Colorado Abbreviation: None
Date: 10/1/2014 County: Chaffee Filename: M127-02a
User: DMC

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D7R DS Series II LGP Horsepower: 238
Ripper Attachment: 3-Shank Ripper Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	<u>\$49.84</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$83.73</u>	<u>100</u>
Ripper Operating Cost/Hour:	<u>\$0.00</u>	<u>100</u>
Operator Cost/Hour:	<u>\$38.01</u>	<u>NA</u>
Total Unit Cost/Hour:	<u>\$171.57</u>	
Total Fleet Cost/Hour:	<u>\$171.57</u>	

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA Bank Volume: NA BCY NA
Area: 0.50 acres Rip Depth (ft): 1.50 Volume: 1,210 BCY or CCY

Source of estimated quantity: Observed

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

Average Ripping Depth:	<u>2.45</u>	<u>mph</u>
Average Ripping Width:	<u>6.50</u>	<u>degrees</u>
Average Ripping Length:	<u>100.00</u>	<u>feet</u>
Average Dozer Speed:	<u>88.00</u>	<u>feet</u>
Average Maneuver Time:	<u>0.25</u>	<u>feet</u>
Production per unit area:	<u>0.646</u>	<u>acres/hour</u>

Job Condition Correction Factors

Unadjusted Hourly Unit Production:	<u>0.646</u>	<u>Acres/hr</u>
Site Altitude:	<u>11,700</u>	<u>feet</u>
Altitude Adj:	<u>1.00</u>	<u>(CAT HB)</u>
Job Efficiency:	<u>0.83</u>	<u>(1 shift/day)</u>
Net Correction:	<u>0.83</u>	<u>multiplier</u>
Adjusted Hourly Unit Production:	<u>0.54</u>	<u>Acres/hr</u>
Adjusted Hourly Fleet Production:	<u>0.54</u>	<u>Acres/hr</u>

JOB TIME AND COST

Fleet size: <u>1</u>	Grader(s)	Total job time: <u>0.93</u>	Hours
Unit cost: <u>\$320.084</u>	Per acre	Total job cost: <u>\$160</u>	

Y&K EXCAVATION

719-539-4108

309 BLAKE ST., P.O. BOX 507, SALIDA, CO 81201
FAX: 719-539-2878 ykexcavation@yahoo.com
www.ykexcavation.com

RECEIVED

OCT 27 2014
GRAND JUNCTION FIELD OFFICE
DIVISION OF
RECLAMATION MINING & SAFETY

A Contract

October 21, 2014

This is a Contract under which Y&K Excavation, Inc. of Salida, Colorado agree to deliver the below described material to the below described location when called upon to do so by Butala Construction of Salida, Colorado. This contract agreement is in effect as of the date of this document and will remain in effect for one year after the date of this document.

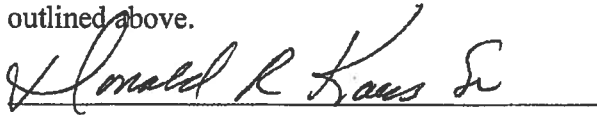
Material:

That material known as topsoil, in the amount required to reclaim the disturbed area at the mine site listed as: Butala Quarry #M-1987-127. The quarry is still in operation and the material will be stock piled until such time as the site will be reclaimed. The amount of topsoil is to be 3660 CU.YDS.

Location:

Mine site identification number M-1987-127 located on Taylor Mountain in Chaffee County Colorado.

Compensation agreed to for complying with the above stipulations of this contract: \$36,527.00. Payment to be made within five days of the completion of this contract as outlined above.



Donald R. Kaess, Sr. / President
Y&K Excavation, Inc.

BULLDOZER WORKTask description: Distribute topsoilSite: Butala PitPermit Action: 2014-09-10 InspectionPermit/Job#: M1987127**PROJECT IDENTIFICATION**Task #: 04AState: ColoradoAbbreviation: NoneDate: 10/1/2014County: ChaffeeFilename: M127-04aUser: DMCAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D7R DS Series II LGPHorsepower: 238Blade Type: StraightAttachment: NAShift Basis: 1 per dayData Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$49.84	NA
Operating Cost/Hour:	\$83.73	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.01	NA

Total unit Cost/Hour: \$171.57Total Fleet Cost/Hour: \$171.57**MATERIAL QUANTITIES**Initial Volume: 4,033Swell factor: 1.000Loose volume: 4,033 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 100 feetUnadjusted hourly production: 496.4 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: 0 %Average site altitude: 11,700 feetMaterial weight: 1,600 lbs/LCYWeight description: Top Soil**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	1.200	(CAT HB)
Dozing method:	1.000	(GEN.)
Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)

Spoil pile:	0.800	(FND-RF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	1.438	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.8593

Adjusted unit production: 426.56 LCY/hr

Adjusted fleet production: **426.56** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.402/LCY

Total job time: **9.45** Hours

Total job cost: **\$1,622**

REVEGETATION WORKTask description: Revegetate disturbed areaSite: Butala PitPermit Action: 2014-09-10 InspectionPermit/Job#: M1987127PROJECT IDENTIFICATIONTask #: 05AState: ColoradoAbbreviation: NoneDate: 10/1/2014County: ChaffeeFilename: M127-05aUser: DMCAgency or organization name: DRMSFERTILIZINGMaterials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Triple superphosphate, 0-46-0	90.00	pound	\$0.50	\$44.64
Total Fertilizer Materials Cost/Acre				\$44.64

Application

Description	Cost /Acre
Tractor towed spreader (MEANS 32 01 90.13 0120)	\$52.71
Total Fertilizer Application Cost/Acre	\$52.71

TILLING

Description	Cost /Acre
Chisel plowing {DMG}	\$88.58
Total Tilling Cost/Acre	\$88.58

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Orchardgrass - Elsie	2.60	32.23	\$3.04
Smooth Brome - Lincoln	6.50	21.64	\$8.65
Pubescent Wheatgrass - Luna	3.90	8.06	\$8.74
Totals Seed Mix	13.00	61.93	\$20.42

Application

Description	Cost /Acre
Drill seeding (DRMS Cost Data)	\$88.20
Total Seed Application Cost/Acre	\$88.20

MULCHING and MISCELLANEOUS**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
			\$	\$
Total Mulch Materials Cost/Acre				\$0.00

Application

Description	Cost /Acre
	\$
Total Mulch Application Cost/Acre	\$0.00

NURSERY STOCK PLANTING

Common Name	No / Acre	Type and Size	Planting Cost	Fertilizer Pellet Cost	Cost /Acre
					\$
Totals Nursery Stock Cost / Acre					\$0.00

JOB TIME AND COST

No. of Acres: 5 Cost /Acre: \$294.55
 Estimated Failure Rate: 25% Cost /Acre*: \$294.55
 *Selected Replanting Work Items: FERTILIZING, TILLING, SEEDING

Initial Job Cost: \$1,472.75
 Reseeding Job Cost: \$368.19
 Total Job Cost: \$1,841
 Job Hours: 7.50

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Mobilize reclamation crew/equipmentSite: Butala PitPermit Action: 2014-09-10 InspectionPermit/Job#: M1987127**PROJECT IDENTIFICATION**Task #: 06AState: ColoradoAbbreviation: NoneDate: 10/1/2014County: ChaffeeFilename: M127-06aUser: DMCAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per day
Cost Data Source: CRG DataTruck Tractor Description: GENERIC ON-HIGHWAY TRUCK TRACTOR, 6X4, DIESEL POWERED,
400 HP (2ND HALF, 2006)Truck Trailer Description: GENERIC FOLDING GOOSENECK, DROP DECK EQUIPMENT TRAILER
(25T, 50T, AND 100T)**Cost Breakdown:**

Available Rig Capacities	0-25 Tons	26-50 Tons	51+ Tons
Ownership Cost/Hour:	\$16.63	\$18.37	\$22.33
Operating Cost/Hour:	\$44.38	\$46.13	\$50.07
Operator Cost/Hour:	\$27.66	\$27.66	\$27.66
Helper Cost/Hour:	\$0.00	\$25.39	\$25.39
Total Unit Cost/Hour:	\$88.67	\$117.55	\$125.45

NON ROADABLE EQUIPMENT:

Machine Description	Weight/ Unit (TONS)	Owner ship Cost/hr/ unit	Haul Rig Cost/hr/unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
Cat D7R DS Series II LGP	38.49	\$0.00	\$117.55	1	\$117.55	\$117.55	\$250.00
Drill/Broadcast Seeder with Tractor	25.00	\$39.59	\$88.67	1	\$128.26	\$88.67	\$250.00

Subtotals: **\$245.81** **\$206.22** **\$500.00****ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Light Duty Pickup, 4x4, 3/4 T.	\$15.30	1	\$15.30	\$15.30

Subtotals: **\$15.30** **\$15.30**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>SALIDA</u>	
Total one-way travel distance:	<u>18.00</u>	miles
Average Travel Speed:	<u>20.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$2,305.27</u>
* two round trips with haul rig:	

Total Roadable Mob/Demob Cost **	<u>\$27.54</u>
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>0.90</u>	<u>0.90</u>
Return Time (Hours):	<u>0.90</u>	<u>0.90</u>
Loading Time (Hours):	<u>0.50</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.50</u>	<u>NA</u>
Subtotals:	<u>2.80</u>	<u>1.80</u>

JOB TIME AND COST

Total job time:	<u>5.60</u>	Hours
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Total job cost:	<u>\$2,333</u>
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