

September 2, 2015

Orvie Zimmerman
Blue Jet Mining Inc
P.O. Box 181
Craig, CO 81626



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

1313 Sherman Street, Room 215
Denver, CO 80203

RE: Blue Jet Mine, Permit No. M-1978-135-HR, Reclamation Costs Update and Notice of Surety Increase (SI-1)

Dear Mr. Zimmerman:

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).

In recent years Scarlet Globemallow has become very hard to come by and in turn very expensive. For this calculation the Division has substituted Lewis Flax (estimated at \$28 PLS/Acre) for Scarlet Globemallow (estimated at \$140 PLS/Acre). The Division feels this substitute forb species is comparable for reclamation. Either species may be used at the prescribed rate of 1.0 PLS/Acre for Scarlet Globemallow or 1.7 PLS/Acre for Lewis Flax. **Seeding rates are to be doubled for methods other than drill seeding.

The bond currently held by the Division has not been updated since 1980. Division calculations estimate the cost to reclaim the above referenced site to be \$3,132. This is an increase of \$632 over the \$2,500 currently held by the Division. This estimate is based on conditions observed during the July 9, 2015 inspection. ***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 **Monday, November 2, 2015**. Please review the enclosed figures as soon as possible and contact our office if any calculation errors are noted.

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, or have questions or concerns, please feel free to contact me. Amy Yeldell at the Division of Reclamation, Mining and Safety, 1313 Sherman St., Room 215, Denver, CO 80203. Direct contact can be made by phone at 970-254-8511 or via email at amy.yeldell@state.co.us



Sincerely,



Amy Yeldell

Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety
Phone: (970) 254-8511
Fax: (970) 241-1516

Ec:

Russ Means, Senior EPS / Field Office Supervisor, Grand Junction DRMS

Enc: Financial Warranty Cost Estimate

COST SUMMARY WORK

Task description: Recalc as of 2015

Site: Blue Jet Mine

Permit Action: 2015-07 Inspection

Permit/Job#: M1978135HR

PROJECT IDENTIFICATION

Task #: 001

State: Colorado

Abbreviation: None

Date: 8/21/2015

County: Moffat

Filename: M135-001

User: ACY

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Exclusion Fencing	DEMOLISH	1	3.00	\$779.28
02a	Reveg and weeds	REVEGE	1	8.00	\$828.00
03a	Mob Crew to site	MOBILIZE	1	1.80	\$273.00
04a	Secondary Mob Crew to site	MOBILIZE	1	1.80	\$273.00
<u>SUBTOTALS:</u>				14.6	\$ \$2,153

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02

Total = \$43.49

Performance bond: 1.05

Total = \$22.61

Job superintendent: 7.30

Total = \$548.67

Profit: 10.00

Total = \$215.30

TOTAL O & P = \$830.07

CONTRACT AMOUNT (direct + O & P) = \$2,983.07

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00

Total = 0.00

Engineering work and/or contract/bid preparation: 0.00

Total = \$0.00

Reclamation management and/or administration: 5.00

\$149.15

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$979.22

TOTAL BOND AMOUNT (direct + indirect) = \$3,132.22

DEMOLITION WORK

Task description: Exclusion Fencing

Site: Blue Jet Mine

Permit Action: 2015-07 Inspection

Permit/Job#: M1978135HR

PROJECT IDENTIFICATION

Task #: 01A

State: Colorado

Abbreviation: None

Date: 8/24/2015

County: Moffat

Filename: M135-01a

User: ACY

Agency or organization name: DRMS

UNIT COSTS

Location adjustment: 95.50 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Exclusion Fencing	Varies	Fencing, barbed wire, - 3 strand	600.00	LF	\$1.36	\$816.00

Job Hours: 3.00

Subtotal
(unadjusted): \$816.00

Total Cost
(adjusted for
location): \$779.28

REVEGETATION WORKTask description: Reveg and weedsSite: Blue Jet MinePermit Action: 2015-07 InspectionPermit/Job#: M1978135HRPROJECT IDENTIFICATIONTask #: 02AState: ColoradoAbbreviation: NoneDate: 8/24/2015County: MoffatFilename: M135-02aUser: ACYAgency or organization name: DRMSFERTILIZINGMaterials

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

Application

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

TILLING

Description	Cost /Acre
Disc harrowing, 6" deep (MEANS 32 91 13.23 6100)	\$98.01
Total Tilling Cost/Acre	\$98.01

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Arrowleaf Balsamroot	0.50	0.62	\$19.76
Indian Ricegrass - Native	1.00	3.24	\$6.74
Lupine, Mountain	0.50	0.28	\$35.76
Thickspike Wheatgrass - Critana	2.00	7.07	\$10.34
Western Wheatgrass - Rosanna	2.00	5.05	\$7.02
Flax, Lewis Blue	1.70	11.28	\$28.08
Winter Fat	0.50	1.27	\$16.35
Penstemon, Rocky Mountain	0.50	7.84	\$16.86
		36.65	\$140.89

Totals Seed Mix	8.70		
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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
Hay, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$265.00	\$530.00
Herbicide - Tordon 22K @ 1.0 pt/ac	0.25	ACRE	\$6.33	\$1.58
Total Mulch Materials Cost/Acre				\$531.58

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$65.89
Weed spray, hand, non-aquatic area, nox. [DMG]	\$179.57
Total Mulch Application Cost/Acre	\$245.46

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:	0.5	Cost /Acre:	\$1,104.14
Estimated Failure Rate:	50%	Cost /Acre*:	\$1,104.14
*Selected Replanting Work Items:	TILLING,SEEDING,MULCHING		
Initial Job Cost:	\$552.07		
Reseeding Job Cost:	\$276.04		
Total Job Cost:	\$828		
Job Hours:	8.00		

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Mob Crew to siteSite: Blue Jet MinePermit Action: 2015-07 InspectionPermit/Job#: M1978135HR**PROJECT IDENTIFICATION**Task #: 03AState: ColoradoAbbreviation: NoneDate: 8/24/2015County: MoffatFilename: M135-03aUser: ACYAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: 1 per dayCost 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
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Subtotals: **\$0.00** **\$0.00** **\$0.00****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.	\$98.81	1	\$98.81	\$98.81
Drill/Broadcast Seeder with Tractor	\$52.78	1	\$52.78	\$52.78

Subtotals: **\$151.59** **\$151.59**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>CRAIG, CO</u>	
Total one-way travel distance:	<u>27.00</u>	miles
Average Travel Speed:	<u>30.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$0.00</u>
** two round trips with haul rig:	

Total Roadable Mob/Demob Cost **	<u>\$272.86</u>
** one round trip, no haul rig:	

Transportation Cycle Time:

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

JOB TIME AND COST

Total job time:	<u>1.80</u>	Hours
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Total job cost:	<u>\$273</u>
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EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Secondary Mob Crew to siteSite: Blue Jet MinePermit Action: 2015-07 InspectionPermit/Job#: M1978135HR**PROJECT IDENTIFICATION**Task #: 04AState: ColoradoAbbreviation: NoneDate: 8/24/2015County: MoffatFilename: M135-04aUser: ACYAgency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**Shift basis: . 1 per dayCost 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/uni t	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet	DOT Permit Cost/ fleet
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Subtotals: **\$0.00** **\$0.00** **\$0.00****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.	\$98.81	1	\$98.81	\$98.81
Drill/Broadcast Seeder with Tractor	\$52.78	1	\$52.78	\$52.78

Subtotals: **\$151.59** **\$151.59**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	CRAIG, CO	
Total one-way travel distance:	27.00	miles
Average Travel Speed:	30.00	mph

Total Non-Roadable Mob/Demob Cost *	\$0.00
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	\$272.86
** one round trip, no haul rig:	

Transportation Cycle Time:

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

JOB TIME AND COST

Total job time:	1.80	Hours
Total job cost:	\$273	