

November 4, 2015

Kirk Eberl
King Mountain Gravel, LLC
7276 W. Mansfield Ave.
Lakewood, CO 80235



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

1313 Sherman Street, Room 215
Denver, CO 80203

RE: King Mountain Sand and Gravel Mine, Permit No. M-1978-314, Surety Reduction Request (SR-2), Approval

Dear Mr. Eberl:

On November 3, 2015 the Division of Reclamation, Mining and Safety approved your Surety Reduction Request (SR-2), submitted on October 7, 2015. Staff has calculated an estimate (copy enclosed) of the actual cost to complete reclamation at the site and determined that an adequate financial warranty shall be an amount of **\$86,090.00**. The bond amount currently held by the Division is **\$223,300.00**. This is a reduction of **\$137,210**. The remaining reclamation includes all disturbances approved within the 15 acre max, as noted in the October 28, 2015 inspection report (copy enclosed).

Please contact Barbara Coria at our Denver office, ph. 303-866-3567 ext. 8148, to make arrangements for replacement of the current financial warranty with a financial warranty in the reduced amount, as calculated for the approved SR-2.

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



Ec:

Russ Means, Senior EPS / Field Office Supervisor, Grand Junction DRMS
Theresa Cain, Eberl's Estate Manager
Michael Stiff, Eberl's Attorney

Cc:

Frank & Nathan Hewes, Land Owners
King Mountain Sand and Gravel
28960 County Rd 5
Toponos, CO 80479

COST SUMMARY WORK

Task description: Recalculated for SR-02 based on TR-02 approval

Site: King Mountain Sand &
Gravel Mine

Permit Action: 2015 SR-02

Permit/Job#: M1978314

PROJECT IDENTIFICATION

Task #: 001
Date: 10/30/2015
User: ACY

State: Colorado
County: Routt

Abbreviation: None
Filename: M314-001

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Demolish and remove structures from the site	DEMOLISH	1	20.00	\$4,000.09
02a	Establish 3H:1V slopes	DOZER	2	24.78	\$13,106.00
03a	Rip compacted pit area	RIPPER	2	5.94	\$3,224.00
04a	Distribute topsoil over disturbed area	DOZER	2	12.74	\$6,463.00
05a	Revegetate disturbed area (approx. 15 acres)	REVEGE	1	25.00	\$29,989.00
06a	Reclaim 5 monitoring wells	BOREHOLE	1	10.00	\$2,647.64
07a	Initial mobilize reclamation crew/equipment	MOBILIZE	1	6.00	\$3,253.00
07b	Secondary mobilize reclamation crew/equipment	MOBILIZE	1	2.00	\$290.00
<u>SUBTOTALS:</u>				106.46	\$62,973

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance: 2.02
Performance bond: 1.05
Job superintendent: 53.23
Profit: 10.00

Total = \$1,272.05
Total = \$661.22
Total = \$4,000.77
Total = \$6,297.30

TOTAL O & P = \$12,231.34

CONTRACT AMOUNT (direct + O & P) = \$75,204.34

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 500.00
Engineering work and/or contract/bid preparation: 8.00
Reclamation management and/or administration: 5.81

Total = 500.00
Total = \$6,016.35
\$4,369.37

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$23,117.06

TOTAL BOND AMOUNT (direct + indirect) = \$86,090.06

DEMOLITION WORK

Task description: Demolish and remove structures from the site

Site: King Mountain Sand &
Gravel Mine

Permit Action: 2015 SR-02

Permit/Job#: M1978314

PROJECT IDENTIFICATION

Task #: 01A
Date: 10/30/2015
User: ACY

State: Colorado
County: Routt

Abbreviation: None
Filename: M314-01a

Agency or organization name: DRMS

UNIT COSTS

Location adjustment: 91.30 %

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Scale house	20'L x 8'W x 10'H	Bldg. (SN) demo./on-site disposal in existing pit or cut - Max. 200 ft. push	1,600.00	CF	\$0.17	\$278.40
Scale house slab	20'L x 8'W	Demo. and on-site disposal in existing pit, 6 in. thick - Max. 200 ft. push	160.00	SF	\$1.71	\$273.60
Scale	70' L x 10' W	Loading and 5 mile haul, salvage allowed - Steel frame structures	2.00	CY	\$9.48	\$18.96
Scale foundation	90' L x 10' W	Demo. and on-site disposal in existing pit, 6 in. thick - Max. 200 ft. push	930.00	SF	\$1.71	\$1,590.30
Misc. debris removal	several piles	Dump fees - Building construction materials.	30.00	CY	\$74.00	\$2,220.00

Job Hours: 20.00

Subtotal
(unadjusted): \$4,381.26

Total Cost
(adjusted for location): \$4,000.09

BULLDOZER WORKTask description: Establish 3H:1V slopesSite: King Mountain Sand &
Gravel MinePermit Action: 2015 SR-02Permit/Job#: M1978314**PROJECT IDENTIFICATION**Task #: 02A
Date: 10/30/2015
User: ACYState: Colorado
County: RouttAbbreviation: None
Filename: M314-02aAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D9T - 9U
Horsepower: 405
Blade Type: Universal
Attachment: 3-shank ripper
Shift Basis: 1 per day
Data Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	\$81.10	NA
Operating Cost/Hour:	\$143.16	100
Ripper op. Cost/Hour:	\$2.23	25
Operator Cost/Hour:	\$38.01	NA

Total unit Cost/Hour: \$264.49
Total Fleet Cost/Hour: \$528.97**MATERIAL QUANTITIES**Initial Volume: 33,333
Swell factor: 1.124
Loose volume: 37,453 LCYSource of estimated volume: Approx. 15 ac. perimeter, 3000 lft
Source of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 75 feet
Unadjusted hourly production: 1,600.0 LCY/hrMaterials consistency description: Compacted fill or embankment 0.9Average push gradient: -15 %
Average site altitude: 8,600 feetMaterial weight: 2,900 lbs/LCYWeight description: Sand and gravel - Dry**Job Condition Correction Factor**

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	0.900	(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:	1.329	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.793	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.4724

Adjusted unit production: 755.84 LCY/hr

Adjusted fleet production: 1511.68 LCY/hr

JOB TIME AND COST

Fleet size: 2 Dozer(s)

Unit cost: \$0.350/LCY

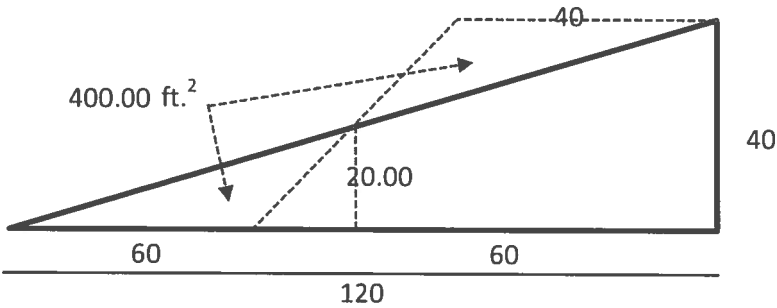
Total job time: 24.78 Hours

Total job cost: \$13,106

Highwall reduction - cut and fill

Highwall Height (ft.)	40.0
Length of Highwall (lft.)	1500
Initial Slope	1.0 H:1V
Desired Slope	3 H:1V
Volume of material to be moved (ft. ³)	600,000
Volume of material to be moved (yd. ³)	22,222

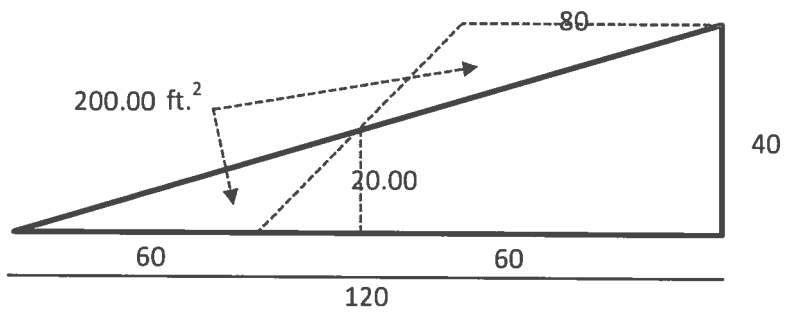
All dimensions measured in feet
Drawing not to scale



Highwall reduction - cut and fill

Highwall Height (ft.)	40.0	
Length of Highwall (lft.)	1500	
----- Initial Slope	2.0	H:1V
———— Desired Slope	3	H:1V
Volume of material to be moved (ft. ³)	300,000	
Volume of material to be moved (yd. ³)	11,111	

All dimensions measured in feet
Drawing not to scale



BULLDOZER RIPPING WORK

Task description: Rip compacted pit area

Site: King Mountain Sand & Gravel Mine

Permit Action:

2015- SR-02

Permit/Job#: M1978314

PROJECT IDENTIFICATION

Task #: 03A
Date: 10/30/2015
User: ACY

State: Colorado
County: Routt

Abbreviation: None
Filename: M314-03a

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D9T - 9U
Ripper Attachment: 3-Shank Ripper

Horsepower: 405
Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	\$81.10	NA
Operating Cost/Hour:	\$143.16	100
Ripper Operating Cost/Hour:	\$8.91	100
Operator Cost/Hour:	\$38.01	NA
Total Unit Cost/Hour:	\$271.17	
Total Fleet Cost/Hour:	\$542.33	

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA Bank Volume: NA BCY NA
Area: 8.00 acres Rip Depth (ft): 2.00 Volume: 25,813 BCY or CCY

Source of estimated quantity: Pit floor and roads

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

Average Ripping Depth: 2.63 mph
Average Ripping Width: 7.67 degrees
Average Ripping Length: 150.00 feet
Average Dozer Speed: 88.00 feet
Average Maneuver Time: 0.25 feet
Production per unit area: 0.811 acres/hour

Job Condition Correction Factors

Unadjusted Hourly Unit Production: 0.811 Acres/hr
Site Altitude: 8,600 feet
Altitude Adj: 1.00 (CAT HB)
Job Efficiency: 0.83 (1 shift/day)
Net Correction: 0.83 multiplier

Adjusted Hourly Unit Production: 0.67 Acres/hr
Adjusted Hourly Fleet Production: 1.35 Acres/hr

JOB TIME AND COST

Fleet size: 2 Grader(s) Total job time: 5.94 Hours

Unit cost: \$402.958 Per acre Total job cost: \$3,224

BULLDOZER WORKTask description: Distribute topsoil over disturbed areaSite: King Mountain Sand &
Gravel MinePermit Action: 2015 SR-02Permit/Job#: M1978314**PROJECT IDENTIFICATION**Task #: 04A
Date: 10/30/2015
User: ACYState: Colorado
County: RouttAbbreviation: None
Filename: M314-04aAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D9T - 9U
Horsepower: 405
Blade Type: Universal
Attachment: NA
Shift Basis: 1 per day
Data Source: (CRG)**Cost Breakdown:**

		<u>Utilization %</u>
Ownership Cost/Hour:	<u>\$72.57</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$143.16</u>	<u>100</u>
Ripper op. Cost/Hour:	<u>\$0.00</u>	<u>0</u>
Operator Cost/Hour:	<u>\$38.01</u>	<u>NA</u>

Total unit Cost/Hour: \$253.73
Total Fleet Cost/Hour: \$507.47**MATERIAL QUANTITIES**Initial Volume: 16,133
Swell factor: 1.000
Loose volume: 16,133 LCYSource of estimated volume: Distribute topsoil over 15 acres @ 8" thick
Source of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 200 feet
Unadjusted hourly production: 737.1 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: 0 %
Average site altitude: 8,600 feetMaterial weight: 1,600 lbs/LCYWeight description: Top Soil**Job Condition Correction Factor**

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

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: 633.39 LCY/hr

Adjusted fleet production: 1266.78 LCY/hr

JOB TIME AND COST

Fleet size: 2 Dozer(s)

Unit cost: \$0.401/LCY

Total job time: 12.74 Hours

Total job cost: \$6,463

REVEGETATION WORKTask description: Revegetate disturbed area (approx. 15 acres)Site: King Mountain Sand &
Gravel MinePermit Action: 2015 SR-02Permit/Job#: M1978314PROJECT IDENTIFICATIONTask #: 05A
Date: 10/30/2015
User: ACYState: Colorado
County: RouttAbbreviation: None
Filename: M314-05aAgency or organization name: DRMSFERTILIZING**Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
8-24-24, 10-15-15, 10-20-20	250.00	pound	\$0.31	\$76.50
			Total Fertilizer Materials Cost/Acre	\$76.50

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
Birdsfoot Trefoil - Empire	0.30	2.88	\$2.51
Arrowleaf Balsamroot	1.50	1.87	\$59.27
Bluebunch Wheatgrass - Secar	2.10	6.75	\$14.36
Mountain Brome - Bromar	2.70	4.34	\$9.18
Bottlebrush Squirreltail	2.40	10.58	\$59.66
Lupine, Mountain	3.40	1.92	\$243.13
Slender Wheatgrass - Native	2.00	7.30	\$4.50
Sweetvetch, Utah or Northern	1.20	0.54	\$49.03
Western Wheatgrass - Native	1.50	3.79	\$4.56
Sagebrush, Mountain or Big	0.25	13.20	\$8.43

Prairie Junegrass	0.03	1.59	\$1.03
Flax, Lewis Blue	0.30	1.99	\$4.96
Snowberry, Mountain	1.00	1.72	\$49.04
Sulphur Flower (or Buckwheat)	0.60	1.24	\$78.46
Totals Seed Mix	19.28	59.71	\$588.12

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
Herbicide - Curtail @ 4.0 pt/ac	1.00	ACRE	\$16.24	\$16.24
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	\$265.00	\$530.00
Total Mulch Materials Cost/Acre				\$546.24

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$65.89
Weed spray, truck, non-aquatic area, nox. [DMG]	\$61.49
Total Mulch Application Cost/Acre	\$127.38

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:	15	Cost /Acre:	\$1,567.73
Estimated Failure Rate:	30%	Cost /Acre*:	\$1,438.52
*Selected Replanting Work Items:	TILLING,SEEDING,MULCHING		
Initial Job Cost:	\$23,515.95		
Reseeding Job Cost:	\$6,473.34		
Total Job Cost:	\$29,989		
Job Hours:	25.00		

BOREHOLE SEALING WORK

Task description: Reclaim 5 monitoring wells

Site: King Mountain Sand &
Gravel Mine

Permit Action: 2015 SR-02

Permit/Job#: M1978314

PROJECT IDENTIFICATION

Task #: 06A
Date: 10/30/2015
User: ACY

State: Colorado
County: Routt

Abbreviation: None
Filename: M314-06a

Agency or organization name: DRMS

UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
MW #1	Portland cement grout - 8 in. (labor, equip, materials)	6.2"	60	60.00	LF	\$12.22	\$733.30
MW #2	Portland cement grout - 8 in. (labor, equip, materials)	7.5"	19.5	19.50	LF	\$12.22	\$238.32
MW #3	Portland cement grout - 8 in. (labor, equip, materials)	7.5"	43.5	43.50	LF	\$12.22	\$531.64
MW #4	Portland cement grout - 8 in. (labor, equip, materials)	7.5"	26.8	26.80	LF	\$12.22	\$327.54
MW #5	Portland cement grout - 8 in. (labor, equip, materials)	7"	45	45.00	LF	\$12.22	\$549.97
Pull PVC	Casing removal - 2 to 3.5 in. diameter (LF)	2"	194.8	194.80	LF	\$1.37	\$266.88

Job Hours: 10.00

Total Cost: \$2,648.00

EQUIPMENT MOBILIZATION/DEMobilIZATIONTask description: **Initial mobilize reclamation crew/equipment**Site: **King Mountain Sand &
Gravel Mine**Permit Action: **2015 SR-02**Permit/Job#: **M1978314****PROJECT IDENTIFICATION**Task #: **07A**
Date: **10/30/2015**
User: **ACY**State: **Colorado**
County: **Routt**Abbreviation: **None**
Filename: **M314-07a**Agency or organization name: **DRMS****EQUIPMENT TRANSPORT RIG COST**Shift basis: **1 per day**
Cost Data Source: **CRG Data**Truck 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 D9R - 9U (2005)	67.38	\$57.16	\$125.45	2	\$365.22	\$250.90	\$500.00

Subtotals: **\$365.22** **\$250.90** **\$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, 1 T. Crew	\$20.91	1	\$20.91	\$20.91
Drill/Broadcast Seeder with Tractor	\$97.93	1	\$97.93	\$97.93
Power Mulcher (Reinco M90)	\$26.19	1	\$26.19	\$26.19

Subtotals: **\$145.03** **\$145.03**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:

STEAMBOAT
SPRINGS

Total one-way travel distance: 40.00 miles

Average Travel Speed: 40.00 mph

Total Non-Roadable Mob/Demob Cost *
* * two round trips with haul rig: \$2,962.68Total Roadable Mob/Demob Cost **
** one round trip, no haul rig: \$290.06**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.00	1.00
Return Time (Hours):	1.00	1.00
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.00	2.00

JOB TIME AND COST

Total job time: 6.00 Hours

Total job cost: \$3,253

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Secondary mobilize reclamation crew/equipmentSite: King Mountain Sand &
Gravel MinePermit Action: 2015 SR-02Permit/Job#: M1978314**PROJECT IDENTIFICATION**

Task #: 07B State: Colorado Abbreviation: None
 Date: 10/30/2015 County: Routt Filename: M314-07b
 User: ACY

Agency or organization name: DRMS**EQUIPMENT TRANSPORT RIG COST**

Shift basis: 1 per day
 Cost Data Source: CRG Data

Truck 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
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, 1 T. Crew	\$20.91	1	\$20.91	\$20.91
Drill/Broadcast Seeder with Tractor	\$97.93	1	\$97.93	\$97.93
Power Mulcher (Reinco M90)	\$26.19	1	\$26.19	\$26.19
Subtotals:			\$145.03	\$145.03

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:

STEAMBOAT
SPRINGS

Total one-way travel distance: 40.00 miles

Average Travel Speed: 40.00 mph

Total Non-Roadable Mob/Demob Cost *

** two round trips with haul rig:

\$0.00

Total Roadable Mob/Demob Cost **

** one round trip, no haul rig:

\$290.06

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.00	1.00
Return Time (Hours):	1.00	1.00
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.00	2.00

JOB TIME AND COST

Total job time: 2.00 Hours

Total job cost: \$290