September 6, 2016

Stacy Quick
Cross Mountain Ranch
PO Box 897
Craig, CO 81626

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

1313 Sherman Street, Room 215
Denver, CO 80203

RE: Kagie Gravel Pit, Permit No. M-1979-102, Reclamation Costs Update and Notice of Surety Increase (SI-2)

Dear Ms. Quick:

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).

Division calculations estimate the cost to reclaim the above referenced site to be *$24,159* rounded down from *$24,159.04*. This is an increase of ***$9959*** over the *$14,200* currently required by the Division. It is noted that the Division currently holds $14,247.50. This estimate is based on conditions observed during the August 17, 2016 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 07, 2016**. 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

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

Ec: Russ Means, Senior EPS, Grand Junction DRMS
Enc: Financial Warranty Cost Estimate

COST SUMMARY WORK

Task description: **Updated post inspection 08-17-16**

Site: **Kagie Gravel Pit** Permit Action: 2016-08 Permit/Job#: M1979102

PROJECT IDENTIFICATION

Task #: ACY State: Colorado Abbreviation: None
Date: 8/31/2016 County: Routt Filename: M102-ACY
User: ACY

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Highwall reduction	DOZER	1	6.51	$1,304.00
02a	Topsoil distribution	DOZER	1	11.32	$2,377.00
03a	Reveg disturbed areas	REVEGE	1	16.00	$12,553.00
04a	Mobilize reclamation crew/equipment	MOBILIZE	1	6.57	$4,115.00
		SUBTOTALS:		**40.4**	**$20,349**

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance:	2.02	Total =	$411.05
Performance bond:	1.05	Total =	$213.66
Job superintendent:	0.00	Total =	$0.00
Profit:	10.00	Total =	$2,034.90
		TOTAL O & P =	$2,659.61
		CONTRACT AMOUNT (direct + O & P) =	$23,008.61

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		$1,150.43
CONTINGENCY:	0.00	Total =	$0.00
		TOTAL INDIRECT COST =	$3,810.04
		TOTAL BOND AMOUNT (direct + indirect) =	**$24,159.04**

BULLDOZER WORK

Task description: **Highwall reduction**

Site: **Kagie Gravel Pit** Permit Action: 2016-08 Permit/Job#: M1979102

PROJECT IDENTIFICATION

Task #: 01A State: Colorado Abbreviation: None
Date: 8/31/2016 County: Routt Filename: M102-01a
User: ACY

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D8T - 8SU
Horsepower: 310
Blade Type: Semi-Universal
Attachment: NA
Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$82.01	NA
Operating Cost/Hour:	$79.23	100
Ripper own. Cost/Hour:	$0.00	NA
Ripper op. Cost/Hour:	$0.00	0
Operator Cost/Hour:	$38.89	NA

Total unit Cost/Hour: $200.13
Total Fleet Cost/Hour: **$200.13**

MATERIAL QUANTITIES

Initial Volume: 4,097
Swell factor: 1.000
Loose volume: **4,097** LCY

Source of estimated volume: See attached
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 50 feet
Unadjusted hourly production: 1,400.0 LCY/hr

Materials consistency description: Consolidated stockpile 1.0

Average push gradient: 0 %
Average site altitude: 8,000 feet

Material weight: 2,550 lbs/LCY

Weight description: Earth - Dry packed

Job Condition Correction Factor		Source
Operator Skill:	0.750	(AVG.)
Material consistency:	1.000	(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:	0.902	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.4492

Adjusted unit production: 628.88 LCY/hr
Adjusted fleet production: **628.88** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $0.318/LCY

Total job time: **6.51** Hours
Total job cost: **$1,304**

BULLDOZER WORK

Task description: **Topsoil distribution**

Site: **Kagie Gravel Pit** Permit Action: 2016-08 Permit/Job#: M1979102

PROJECT IDENTIFICATION

Task #:	02A	State:	Colorado	Abbreviation:	None
Date:	8/31/2016	County:	Routt	Filename:	M102-02a
User:	ACY				

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine:	Cat D8T - 8SU
Horsepower:	310
Blade Type:	Semi-Universal
Attachment:	3-shank ripper
Shift Basis:	1 per day
Data Source:	(CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$82.01	NA
Operating Cost/Hour:	$79.23	100
Ripper own. Cost/Hour:	$8.40	NA
Ripper op. Cost/Hour:	$1.41	25
Operator Cost/Hour:	$38.89	NA

Total unit Cost/Hour: $209.94
Total Fleet Cost/Hour: **$209.94**

MATERIAL QUANTITIES

Initial Volume:	7,260
Swell factor:	1.000
Loose volume:	**7,260** LCY

Source of estimated volume: 9 ac at a depth of 6 inches
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 100 feet
Unadjusted hourly production: 852.6 LCY/hr

Materials consistency description: Loose stockpile 1.2

Average push gradient: 0 %
Average site altitude: 8,000 feet

Material weight: 1,600 lbs/LCY

Weight description: Top Soil

Job Condition Correction Factor		Source
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:	0.700	(FND-MF)
Push gradient:	1.000	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	1.438	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.7519

Adjusted unit production: 641.07 LCY/hr
Adjusted fleet production: **641.07** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $0.327/LCY

Total job time: **11.32** Hours
Total job cost: **$2,377**

REVEGETATION WORK

Task description: **Reveg disturbed areas**

Site: **Kagie Gravel Pit** Permit Action: 2016-08 Permit/Job#: M1979102

PROJECT IDENTIFICATION

Task #: 03A State: Colorado Abbreviation: None
Date: 8/31/2016 County: Routt Filename: M102-03a
User: ACY

Agency or organization name: DRMS

FERTILIZING

Materials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
6-6-6	40.00	pound	$0.16	$6.40
			Total Fertilizer Materials Cost/Acre	**$6.40**

Application

Description	Cost /Acre
Tractor towed spreader (MEANS 32 01 90.13 0120)	$21.34
Total Fertilizer Application Cost/Acre	**$21.34**

TILLING

Description	Cost /Acre
Disc harrowing, 6" deep (MEANS 32 91 13.23 6100)	$107.59
Total Tilling Cost/Acre	**$107.59**

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Big Bluegrass - Sherman	1.00	20.66	$6.91
Crested Wheatgrass - Ephraim	4.50	20.66	$10.04
Pubescent Wheatgrass - Luna	4.50	9.30	$10.08
Tall Fescue - Fawn E.F.	2.00	10.42	$2.32
Totals Seed Mix	12.00	61.04	**$29.35**

Application

Description	Cost /Acre
Drill Seeding (DRMS Survey Cost)	$232.00

Total Seed Application Cost/Acre	**$232.00**

MULCHING and MISCELLANEOUS

Materials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Herbicide - 2,4D @ 1.0 pt/ac	1.00	ACRE	$1.25	$1.25
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	$246.00	$492.00
Total Mulch Materials Cost/Acre				**$493.25**

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	$66.02
Power mulcher (MEANS 32 91 13.16 0350)	$97.14
Weed spray, truck, non-aquatic area, nox. [DMG]	$62.72
Total Mulch Application Cost/Acre	**$225.88**

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: 9 Cost /Acre: $1,115.81
Estimated Failure Rate: 25% Cost /Acre*: $1,115.81
*Selected Replanting Work Items: FERTILIZING,TILLING,SEEDING,MULCHING

Initial Job Cost: **$10,042.29**
Reseeding Job Cost: **$2,510.57**
Total Job Cost: **$12,553**
Job Hours: **16.00**

EQUIPMENT MOBILIZATION/DEMOBILIZATION

Task description: **Mobilize reclamation crew/equipment**

Site: **Kagie Gravel Pit** Permit Action: 2016-08 Permit/Job#: M1979102

PROJECT IDENTIFICATION

Task #: 04A State: Colorado Abbreviation: None
Date: 8/31/2016 County: Routt Filename: M102-04a
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
Cat D8T - 8SU	53.08	$90.41	$125.45	1	$215.86	$125.45	$250.00
Drill/Broadcast Seeder with Tractor	25.00	$30.65	$88.67	1	$119.32	$88.67	$250.00
Power Mulcher (Reinco M90)	6.00	$6.72	$88.67	1	$95.39	$88.67	$250.00
Subtotals:					**$430.57**	**$302.79**	**$750.00**

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.	$33.81	1	$33.81	$33.81
Subtotals:			**$33.81**	**$33.81**

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:	35.00	mph
Total Non-Roadable Mob/Demob Cost * '* two round trips with haul rig:	$4,037.39	
Total Roadable Mob/Demob Cost ** ** one round trip, no haul rig:	$77.28	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	1.14	1.14
Return Time (Hours):	1.14	1.14
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	3.29	2.29

JOB TIME AND COST

Total job time:	**6.57**	Hours
Total job cost:	**$4,115**	