

June 28, 2018

William Hubbard  
P.O. Box 245  
Loma, CO 81524



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

1313 Sherman Street, Room 215  
Denver, CO 80203

***RE: Blue Mesa Project, File No. P-2018-009, Prospecting NOI Financial Warranty Request***

Mr. Hubbard:

On June 28, 2018, the Division of Reclamation, Mining and Safety (Division) approved your NOI application.

The amount of financial warranty set by the Division for this operation is \$18,658.58. The financial warranty cost estimate is enclosed with this letter. **A financial warranty of the entire amount must be submitted to the Division prior to entry upon lands for the purpose of prospecting.** Please note, the Division may terminate the NOI file if the Financial Warranty is not received within sixty days.

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 the financial warranty forms should be directed to Barbara Coria.

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

Sincerely,

**Dustin Czapla**

Environmental Protection Specialist  
Department of Natural Resources  
Division of Reclamation, Mining and Safety  
101 South 3<sup>rd</sup>, Suite 301  
Grand Junction, CO 81501  
Phone: (970) 243-6299  
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## COST SUMMARY WORK

Task description: \_\_\_\_\_

Site: Blue Mesa Project

Permit Action: FW Estimate

Permit/Job#: P2018009

### PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 5/21/2018

County: Montrose

Filename: P009-000

User: DMC

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Seal boreholes	BOREHOLE	1	20.00	\$13,375.00
02a	Grade mud pits	LOADER	1	0.30	\$26.00
03a	Revegetate disturbance	REVEGE	1	1.00	\$1,417.00
04a	Mobilize equipment	MOBILIZE	1	3.66	\$898.00
<b><u>SUBTOTALS:</u></b>				<b>24.96</b>	<b>\$15,716</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance: 2.02  
Performance bond: 1.05  
Job superintendent: 0.00  
Profit: 10.00

Total = \$317.46

Total = \$165.02

Total = \$0.00

Total = \$1,571.60

TOTAL O & P = \$2,054.08

CONTRACT AMOUNT (direct + O & P) = \$17,770.08

#### 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

\$888.50

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$2,942.58

**TOTAL BOND AMOUNT (direct + indirect) = \$18,658.58**

## BOREHOLE SEALING WORK

Task description: Seal boreholes

Site: Blue Mesa Project

Permit Action: FW Estimate

Permit/Job#: P2018009

### PROJECT IDENTIFICATION

Task #: 01A  
Date: 5/21/2018  
User: DMC

State: Colorado  
County: Montrose

Abbreviation: None  
Filename: P009-01a

Agency or organization name: DRMS

### UNIT COSTS

Borehole Description	Sealing/Item Method	Diameter	Length	Quantity	Unit	Unit Cost	Total Cost
H3	Bentonite seal - 6 in. (labor, equip, materials)	6	500	500.00	LF	\$5.35	\$2,675.00
H4	Bentonite seal - 6 in. (labor, equip, materials)	6	500	500.00	LF	\$5.35	\$2,675.00
H5	Bentonite seal - 6 in. (labor, equip, materials)	6	500	500.00	LF	\$5.35	\$2,675.00
H6	Bentonite seal - 6 in. (labor, equip, materials)	6	500	500.00	LF	\$5.35	\$2,675.00
H7	Bentonite seal - 6 in. (labor, equip, materials)	6	500	500.00	LF	\$5.35	\$2,675.00

Job Hours: 20.00

Total Cost: \$13,375.00

**WHEEL LOADER – LOAD AND CARRY WORK**Task description: **Grade mud pits**Site: **Blue Mesa Project**Permit Action: **FW Estimate**Permit/Job#: **P2018009****PROJECT IDENTIFICATION**Task #: **02A**State: **Colorado**Abbreviation: **None**Date: **5/21/2018**County: **Montrose**Filename: **P009-02a**User: **DMC**Agency or organization name: **DRMS****HOURLY EQUIPMENT COST**Basic Machine: **CAT 450E**Attachment 1: **ROPS Cab**Horsepower: **101**Shift Basis: **1 per day**Data Source: **(CRG)****Cost Breakdown:**

		Utilization %
Ownership Cost/Hour:	\$20.08	NA
Operating Cost/Hour:	\$24.04	100
Operator Cost/Hour:	\$41.20	NA
Total Unit Cost/Hour:	\$85.32	
Total Fleet Cost/Hour:	\$85.32	

**MATERIAL QUANTITIES**Initial volume: **50**

CCY

Swell factor: **1.000**Loose volume: **50**

LCY

Source of estimated volume: **Division of Reclamation, Mining & Safety**Source of estimated swell factor: **Cat Handbook****HOURLY PRODUCTION****Loader Cycle Time:**Unadjusted Basic Cycle Time (load, dump, maneuver): **0.475** minutes

Cycle Time Factors		Factor (min.)	Source
Material:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Stockpile:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Truck Ownership:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Operation:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Dump Target:	No adjustment - factor not applicable 0.00	0.000	(Cat HB)
Net Cycle Time Adjustment:		0.000	minutes
Adjusted Basic Cycle Time:		0.475	minutes

**Rolling Resistance – Road Conditions**Haul: **Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0**Return: **Soft, rutted dirt, no maintenance or water, 4" tire penetration 8.0****Haul and Return Time**

	Length (feet)	Grade Res. (%)	Rolling Res. (%)	Total Res. (%)	Travel Time (minutes)	Source
Haul Route:	10	0.00	8.00	8.00	0.0095	(Cat HB)

Return Route:	10	0.00	8.00	8.00	0.0095	(Cat HB)
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Total Travel Time: 0.0190 minutes  
Total Cycle Time: 0.4940 minutes

Load Bucket Capacity

Rated Capacity: 1.50 LCY (heaped)  
Bucket Fill Factor: 1.100 Other - rock/dirt mixtures (100-120%) 1.100  
Adjusted Capacity: 1.65 LCY

Job Condition Correction Factors

Site Altitude: 5200 feet

Altitude Adj:	<u>1.00</u>	Source (CAT HB)
Job Efficiency:	<u>0.83</u>	(1 shift/day)
Net Correction:	<u>0.83</u>	multiplier

Unadjusted Hourly Unit Production: 200.40 LCY/Hour  
Adjusted Hourly Unit Production: 166.33 LCY/Hour  
Adjusted Hourly Fleet Production: 166.33 LCY/Hour

JOB TIME AND COST

Fleet size: 1 Loader(s) Total job time: 0.30 Hours  
Unit cost: \$0.513 /LCY Total job cost: \$26

**REVEGETATION WORK**Task description: Revegetate disturbanceSite: Blue Mesa ProjectPermit Action: FW EstimatePermit/Job#: P2018009**PROJECT IDENTIFICATION**Task #: 03AState: ColoradoAbbreviation: NoneDate: 5/21/2018County: MontroseFilename: P009-03aUser: DMCAgency or organization name: DRMS**FERTILIZING****Materials**

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

**Application**

Description	Cost /Acre
	\$
<b>Total Fertilizer Application Cost/Acre</b>	<b>\$0.00</b>

**TILLING**

Description	Cost /Acre
Hand raking (MEANS 32 91 13.23 0250)	\$1,328.58
Weed control spraying (MEANS 31 31 16.13 3100)	\$242.00
<b>Total Tilling Cost/Acre</b>	<b>\$1,570.58</b>

**SEEDING**

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Arizona Fescue - Redondo	1.00	11.48	\$11.84
Indian Ricegrass - Native	3.80	12.30	\$26.60
Sand Dropseed	0.20	23.88	\$2.17
Great Basin Wildrye - Magnar	4.00	16.25	\$45.12
Bottlebrush Squirreltail	4.00	17.63	\$94.00
Sandberg Bluegrass - VNS	0.60	12.74	\$4.84
Galleta	3.40	12.41	\$83.98
Slender Wheatgrass - Native	6.60	24.09	\$18.61
Thickspike Wheatgrass - Critana	6.80	24.04	\$39.03

Muttongrass	0.60	12.40	\$20.72
Needle and Thread	4.80	12.67	\$199.20
Western Wheatgrass - Native	9.60	24.24	\$67.20
Bluebunch Wheatgrass - Goldar	5.60	18.00	\$30.80
Purple Three-Awn	1.60	18.37	\$68.77
<b>Totals Seed Mix</b>	<b>52.60</b>	<b>240.50</b>	<b>\$712.88</b>

**Application**

<b>Description</b>	<b>Cost /Acre</b>
Broadcast seeding [DMG]	\$267.22
<b>Total Seed Application Cost/Acre</b>	<b>\$267.22</b>

**MULCHING and MISCELLANEOUS****Materials**

<b>Description</b>	<b>Units / Acre</b>	<b>Unit</b>	<b>Cost / Unit</b>	<b>Cost /Acre</b>
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	BALE	\$10.44	\$20.88
<b>Total Mulch Materials Cost/Acre</b>				<b>\$20.88</b>

**Application**

<b>Description</b>	<b>Cost /Acre</b>
Hand spread, 1" deep (MEANS 32 91 13.16 0200)	\$3,097.60
<b>Total Mulch Application Cost/Acre</b>	<b>\$3,097.60</b>

**NURSERY STOCK PLANTING**

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

**JOB TIME AND COST**

No. of Acres: 0.25                      Cost /Acre: \$5,669.16  
 Estimated Failure Rate: 25%                      Cost /Acre\*: \$0.00  
 \*Selected Replanting Work Items: NONE

Initial Job Cost: **\$1,417.29**  
 Reseeding Job Cost: **\$0.00**  
 Total Job Cost: **\$1,417**  
 Job Hours: **1.00**

**EQUIPMENT MOBILIZATION/DEMOBILIZATION**Task description: **Mobilize equipment**Site: **Blue Mesa Project**Permit Action: FW EstimatePermit/Job#: P2018009**PROJECT IDENTIFICATION**Task #: 04AState: ColoradoAbbreviation: NoneDate: 6/25/2018County: MontroseFilename: P009-04aUser: DMCAgency 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:**

<b>Available Rig Capacities</b>	<b>0-25 Tons</b>	<b>26-50 Tons</b>	<b>51+ Tons</b>
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 450E	9.80	\$20.08	\$88.67	1	\$108.75	\$88.67	\$250.00
Subtotals:					<b>\$108.75</b>	<b>\$88.67</b>	<b>\$250.00</b>

**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	\$19.43	1	\$19.43	\$19.43
Subtotals:			<b>\$19.43</b>	<b>\$19.43</b>



**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	NATURITA	
Total one-way travel distance:	30.00	miles
Average Travel Speed:	45.00	mph

Total Non-Roadable Mob/Demob Cost *	\$871.98
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    \*\* two round trips with haul rig:

Total Roadable Mob/Demob Cost **	\$25.91
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    \*\* one round trip, no haul rig:

**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.67	0.67
Return Time (Hours):	0.67	0.67
Loading Time (Hours):	0.25	NA
Unloading Time (Hours):	0.25	NA
Subtotals:	1.83	1.33

**JOB TIME AND COST**

Total job time:	3.67	Hours
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Total job cost:	\$898
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