



J&T Consulting, Inc.

March 14, 2022

Mr. Eric Scott
Environmental Protection Specialist
State of Colorado
Division of Reclamation, Mining, & Safety
1313 Sherman Street – Room 215
Denver, CO 80203

*RE: Broken Arrow Investments, LLC. – Derr Pit – Surety Reduction Request,
File No. M-2008-017, Reclamation Bond Calculations*

Dear Mr. Scott,

Based on our conversation today Broken Arrow Investments, LLC would like to reduce the bond calculation to 20% of the slurry wall cost component for the bond based on the approval for the 90-day leak test on the slurry wall.

The following updates are being provided for reference to complete the surety reduction.

1. Exhibit L – Reclamation Costs

- a. Revision of the financial warranty required for the reclamation of the Phases 1-4 slurry

Detailed descriptions of these revisions are in the following sections.

Exhibit L - Reclamation Costs

Broken Arrow Investments, LLC requests a reduction of the required financial warranty for the slurry wall liner to 20% because it has passed the 90-day leak test required by the State Engineer's Office and approval from the Division of Water Resources has been provided.

1. A revised Exhibit L – Reclamation Costs and supporting calculations are attached which summarize the revision to the financial warranty requirements, including a reduction to 50% for the slurry wall liner component of the bond. The current bond amount is \$2,161,816.00 and the new proposed bond amount would be \$718,066.45 based on the reduction to 20% of the slurry wall cost as shown in the attached calculations.

Broken Arrow Investments, LLC appreciates your consideration of this update to the request and looks forward to your response.



RE: Broken Arrow Investments, LLC. – Derr Pit – Surety Reduction Request,
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March 14, 2022

- 2 -

Please feel free to contact me with any questions or comments.

Sincerely,



J.C. York, P.E.
J&T Consulting, Inc.

Attachments:

Exhibit L Updated Bond Calculations

cc: Broken Arrow Investments, LLC
File



EXISTING BOND AMOUNT

1 Phase 1-4 Slurry Wall	\$	1,442,416.00
2 Phase 1-4 Perimeter Drain (if needed)	\$	69,000.00
3 Replace 6" Topsoil	\$	80,632.00
4 Revegetation	\$	109,966.00
5 mob/demob	\$	3,558.00
6 Dewater Phase 1-4 (79.4 million gallons)	\$	15,880.00
	Subtotal	\$ 1,721,452.00
Indirect Costs		
Overhead and Profit		
Liability Insurance: 2.02	\$	34,773.33
Performance Bond: 1.05	\$	18,075.25
Job Superintendent: 203.60	\$	6,955.00
Profit: 10.00	\$	172,145.20
	Subtotal O & P	\$ 231,948.78
Legal - Engineering - Project Management		
Financial Warranty Processing (legal/related costs)	\$	500.00
Engineering work and/or contract/bid preparation 3.00	\$	58,602.02
Reclamation management and/or administration: 5.00	\$	97,670.04
Contingency: 3.00	\$	51,643.56
	Subtotal L, E, PM	\$ 208,415.62
EXISTING BOND AMOUNT		\$ 2,161,816.40

PROPOSED BONDING REQUIRED AFTER LEAK TEST APPROVAL FROM DWR

1 Phase 1-4 Slurry Wall - Reduced to 20%	\$	288,483.20
2 Phase 1-4 Perimeter Drain (if needed)	\$	69,000.00
3 Replace 6" Topsoil	\$	80,632.00
4 Revegetation	\$	109,966.00
5 mob/demob	\$	3,558.00
6 Dewater Phase 1-4 (79.4 million gallons)	\$	15,880.00
	Subtotal	\$ 567,519.20
Indirect Costs		
Overhead and Profit		
Liability Insurance: 2.02	\$	11,463.89
Performance Bond: 1.05	\$	5,958.95
Job Superintendent: 100	\$	6,955.00
Profit: 10.00	\$	56,751.92
	Subtotal O & P	\$ 81,129.76
Legal - Engineering - Project Management		
Financial Warranty Processing (legal/related costs)	\$	500.00
Engineering work and/or contract/bid preparation 3.00	\$	19,459.47
Reclamation management and/or administration: 5.00	\$	32,432.45
Contingency: 3.00	\$	17,025.58
	Subtotal L, E, PM	\$ 69,417.49
PROPOSED BOND AMOUNT		\$ 718,066.45