STATE OF COLORADO

DIVISION OF RECLAMATION, MINING AND SAFETY
Department of Natural Resources

1313 Sherman St., Room 215
Denver, Colorado 80203
Phone: (303) 866-3567
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COLORADO DIVISION OF RECLAMATION MINING & SAFETY

March 16, 2012

Gilbert Lee
Central Aggregates, Inc.
P.O. Box 1877
Rifle, CO
81650

RE: West Rifle Pit, Permit No. M-1981-066, Reclamation Costs Update and Notice of Surety Increase (SI-1)

Dear Mr. Lee:

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). ***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 **Wednesday, May 16, 2012**. Please review the enclosed figures as soon as possible and contact our office if any calculation errors are noted.

Staff calculations estimate the cost to reclaim the above referenced site to be *$40,834.00*. This is an increase of ***$30,334.00*** over the *$10,500.00* currently held by the Division. This estimate is based on conditions observed during the March 8, 2012 inspection.

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, have questions or concerns, please contact me at the DRMS Grand Junction Field Office.

Sincerely,

Dustin Czapla
Environmental Protection Specialist
Department of Natural Resources
Division of Reclamation, Mining and Safety
101 South 3rd, Suite 301
Grand Junction, CO 81501
Phone: (970) 243-6299
Fax: (970) 241-1516

Cc:

Enc: Financial Warranty Cost Estimate

COST SUMMARY WORK

Task description: **Reclamation cost summary**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #: 000 State: Colorado Abbreviation: None
Date: 3/14/2012 County: Garfield Filename: M006-000
User: DMC

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	Remove structures	DEMOLISH	1	24.00	$8,808.00
02a	Pump pit in parcel D to allow for reclamation grading	PUMPING	1	63.37	$2,423.00
03a	Grade banks of pond in parcel D and north bank of lake.	DOZER	1	10.22	$2,042.20
04a	Rip compacted areas (stockpile, parking, etc.)	RIPPER	1	11.98	$2,555.00
05a	Placement of topsoil over disturbed areas	DOZER	1	8.65	$1,729.97
06a	Revegetate disturbed areas	REVEGE	1	10.00	$10,946.38
07a	Mobilize reclamation crew and equipment	MOBILIZE	1	2.32	$2,439.91
		SUBTOTALS:		**130.54**	**$30,944.46**

INDIRECT COSTS

OVERHEAD AND PROFIT:

Liability insurance:	2.02	Total =	$625.08
Performance bond:	1.05	Total =	$324.92
Job superintendent:	57.75	Total =	$3,424.58
Profit:	10.00	Total =	$3,094.45
		TOTAL O & P =	$7,469.03
		CONTRACT AMOUNT (direct + O & P) =	$38,413.49

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs):	500.00	Total =	500.00
Engineering work and/or contract/bid preparation:	0.00	Total =	$0.00
Reclamation management and/or administration:	5.00		$1,920.67
CONTINGENCY:	0.00	Total =	$0.00
		TOTAL INDIRECT COST =	$9,889.70

TOTAL BOND AMOUNT (direct + indirect) = $40,834.00

DEMOLITION WORK

Task description: **Remove structures**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #: 01A State: Colorado Abbreviation: None
Date: 3/14/2012 County: Garfield Filename: M006-01a
User: DMC

Agency or organization name: DRMS

UNIT COSTS **Location adjustment: 102.20 %**

Structure or Item Description	Dimensions	Demolition Menu Selection	Quantity	Unit	Unit Cost	Total Cost
Office building, L-shaped	60' x 30' x 8', 20' x 16' x 8'	Bldg. (SN) demo./on-site disposal in excavated pit - Max. 200 ft. push	14,400.00	CF	$0.17	$2,462.40
Shop	60' x 60' x 10'	Bldg. (SN) demo./on-site disposal in excavated pit - Max. 200 ft. push	36,000.00	CF	$0.17	$6,156.00

Job Hours: **24.00** **Subtotal (unadjusted):** **$8,618.40** **Total Cost (adjusted for location):** **$8,808.00**

PUMPING WORK

Task description: **Pump pit in parcel D to allow for reclamation grading**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #:	02A	State:	Colorado	Abbreviation:	None
Date:	3/14/2012	County:	Garfield	Filename:	M006-02a
User:	DMC				

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

	Description	Quantity
Make and Model:	Centrifugal pump - 90M, 6 in.	1
Attachment 1:	Suction hose - 6 in. diam., 25 ft.	2
Attachment 2:	Discharge hose - 6 in. D., 25 ft.	2
Labor Unit 1:	Pump operator	1

Horsepower: 65
Shift Basis: 1 per day
Weight: 1.05 (US Tons)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$5.76	NA
Operating Cost/Hour:	$13.06	100
Operator Cost/Hour:	$19.42	NA
Total Unit Cost/Hour:	$38.24	

Total Fleet Cost/Hour: $38.24

PUMPING QUANTITIES

Initial Pond Volume:	20.00		Conversion factor:	325850.5800
Final Pond Volume:	**6,517,011.60**	gallons		
Total Pond Inflow Surface Area:	8,000	Sq. ft.	Unit inflow rate in gph/sq. ft.:	0.1758
Total Pond Inflow Volume per Hour:	1,406.40	gallons		

Source of estimated volume: Mine maps

PUMPING TIME

Maximum Pump Capacity:	90,000	gph/pump
Estimated Suction Head:	10	feet
Estimated Discharge Head:	5	feet
Total Head:	15	feet
CPB Pump Capacity:	90,000	gph/pump
Site Altitude:	5,300	feet
Adjusted Pumping Capacity:	90,000	gph
Initial Unadjusted Pumping Time:	72.41	hours
Inflow during Initial Pumping:	101,839	gallons
Net Unadjusted Pumping Time:	73.54	Hours
Altitude Adjustment Factor:	0.9400	(3% rule)
Pump Efficiency Factor:	0.9167	(55 min./hr.)
Total Adjusted Pumping Time:	63.37	hours

JOB TIME AND COST

Total job time: **63.37** Hours

Unit cost: $0.000366 /Gallon Total job cost: **$2,423.00**

BULLDOZER WORK

Task description: **Grade banks of pond in parcel D and north bank of lake.**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #:	03A	State:	Colorado	Abbreviation:	None
Date:	3/14/2012	County:	Garfield	Filename:	M006-03a
User:	DMC				

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

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

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$58.56	NA
Operating Cost/Hour:	$102.84	100
Ripper op. Cost/Hour:	$0.00	0
Operator Cost/Hour:	$38.49	NA

Total unit Cost/Hour: $199.89
Total Fleet Cost/Hour: **$199.89**

MATERIAL QUANTITIES

Initial Volume:	7,408
Swell factor:	1.060
Loose volume:	**7,852** LCY

Source of estimated volume: Division of Reclamation, Mining & Safety
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 50 feet
Unadjusted hourly production: 1,627.0 LCY/hr

Materials consistency description: Compacted fill or embankment 0.9

Average push gradient: -15 %
Average site altitude: 5,300 feet

Material weight: 2,900 lbs/LCY

Weight description: Sand and gravel - Dry

Job Condition Correction Factor		Source
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: 768.59 LCY/hr
Adjusted fleet production: **768.59** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $0.260/LCY

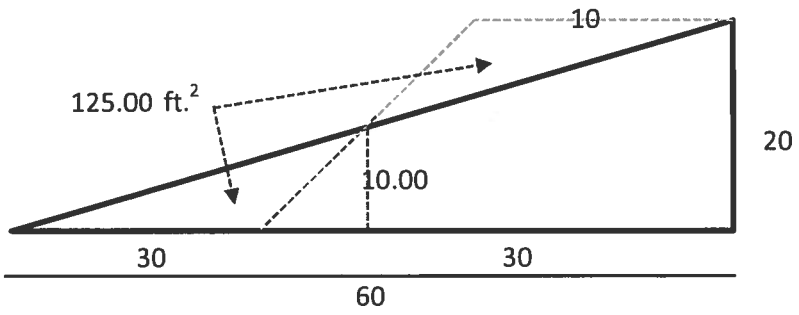
Total job time: **10.22** Hours
Total job cost: **$2,042.20**

POND

Highwall reduction - cut and fill

Highwall Height (ft.)	20.0	
Length of Highwall (lft.)	1200	
------- Initial Slope	0.5	H:1V
——— Desired Slope	3	H:1V
Volume of material to be moved ($ft.^3$)	**150,000**	
Volume of material to be moved ($yd.^3$)	**5,556**	

All dimensions measured in feet
Drawing not to scale

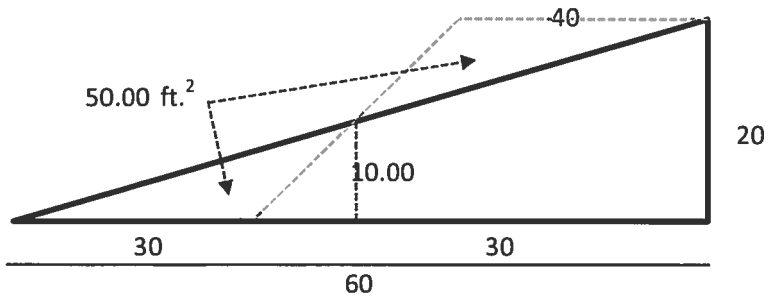


LAKE

Highwall reduction - cut and fill

Highwall Height (ft.)	20.0	
Length of Highwall (lft.)	1000	
------- Initial Slope	2.0	H:1V
——— Desired Slope	3	H:1V
Volume of material to be moved ($ft.^3$)	**50,000**	
Volume of material to be moved ($yd.^3$)	**1,852**	

All dimensions measured in feet
Drawing not to scale



BULLDOZER RIPPING WORK

Task description: **Rip compacted areas (stockpile, parking, etc.)**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #: 04A State: Colorado Abbreviation: None
Date: 3/14/2012 County: Garfield Filename: M006-04a
User: DMC

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

Basic Machine: Cat D8T - 8U Horsepower: 310
Ripper Attachment: 3-Shank Ripper Shift Basis: 1 per day
Data Source: (CRG)

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$65.28	NA
Operating Cost/Hour:	$102.84	100
Ripper Operating Cost/Hour:	$6.49	100
Operator Cost/Hour:	$38.49	NA
Total Unit Cost/Hour:	$213.10	
Total Fleet Cost/Hour:	**$213.10**	

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA Bank Volume: NA BCY NA
Area: 7.00 acres Rip Depth (ft): 2.00 Volume: 22,587 BCY or CCY

Source of estimated quantity: Mine site maps and onsite observations.

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

Average Ripping Depth:	2.56	mph
Average Ripping Width:	7.08	degrees
Average Ripping Length:	100.00	feet
Average Dozer Speed:	88.00	feet
Average Maneuver Time:	0.25	feet
Production per unit area:	0.703	acres/hour

Job Condition Correction Factors

Unadjusted Hourly Unit Production:	0.703	Acres/hr
Site Altitude:	5,300	feet
Altitude Adj:	1.00	(CAT HB)
Job Efficiency:	0.83	(1 shift/day)
Net Correction:	0.83	multiplier
Adjusted Hourly Unit Production:	0.58	Acres/hr
Adjusted Hourly Fleet Production:	**0.58**	Acres/hr

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: **11.99** Hours

Unit cost: $364.994 Per acre Total job cost: **$2,555.00**

BULLDOZER WORK

Task description: **Placement of topsoil over disturbed areas**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #:	05A	State:	Colorado	Abbreviation:	None
Date:	3/14/2012	County:	Garfield	Filename:	M006-05a
User:	DMC				

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

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

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	$58.56	NA
Operating Cost/Hour:	$102.84	100
Ripper op. Cost/Hour:	$0.00	0
Operator Cost/Hour:	$38.49	NA

Total unit Cost/Hour: $199.89
Total Fleet Cost/Hour: **$199.89**

MATERIAL QUANTITIES

Initial Volume:	12,100
Swell factor:	1.000
Loose volume:	**12,100** LCY

Source of estimated volume: 10 ac. @ 9" avg. depth
Source of estimated swell factor: Cat Handbook

HOURLY PRODUCTION

Average push distance: 50 feet
Unadjusted hourly production: 1,627.0 LCY/hr

Materials consistency description: Loose stockpile 1.2

Average push gradient: 0 %
Average site altitude: 5,300 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:	0.800	(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: 1,398.08 LCY/hr
Adjusted fleet production: **1398.08** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
Unit cost: $0.143/LCY

Total job time: **8.65** Hours
Total job cost: **$1,729.97**

REVEGETATION WORK

Task description: **Revegetate disturbed areas**

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #: 06A State: Colorado Abbreviation: None
Date: 3/14/2012 County: Garfield Filename: M006-06a
User: DMC

Agency or organization name: DRMS

FERTILIZING

Materials

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
Chisel plowing {DMG}	$86.71
Weed control spraying (MEANS 31 31 16.13 3100)	$145.20
Total Tilling Cost/Acre	**$231.91**

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Indian Ricegrass - Native	6.00	19.42	$39.60
Crested Wheatgrass - Standard	4.50	20.66	$9.77
Hard Fescue - Durar	2.25	29.18	$4.61
Pubescent Wheatgrass - Luna	9.00	18.60	$19.71
Streambank Wheatgrass - Sodar	6.00	19.56	$24.72
Totals Seed Mix	27.75	107.42	**$98.41**

Application

Description	Cost /Acre
Drill seeding {DMG}	$90.11

Total Seed Application Cost/Acre	**$90.11**

MULCHING and MISCELLANEOUS

Materials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Herbicide - 2,4D @ 1.0 pt/ac	1.00	ACRE	$1.20	$1.20
Straw, delivered {MEANS 31 25 14.16 1200}	2.00	TON	$164.00	$328.00
Total Mulch Materials Cost/Acre				**$329.20**

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	$65.89
Weed spray, truck, aquatic area, nox. [DMG]	$60.19
Total Mulch Application Cost/Acre	**$126.08**

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: 10 Cost /Acre: $875.71
Estimated Failure Rate: 25% Cost /Acre*: $875.71
*Selected Replanting Work Items: TILLING, SEEDING, MULCHING

Initial Job Cost: **$8,757.10**
Reseeding Job Cost: **$2,189.28**
Total Job Cost: **$10,946.38**
Job Hours: **10.00**

EQUIPMENT MOBILIZATION/DEMOBILIZATION

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

Site: **West Rifle Pit** Permit Action: March-2012-Review Permit/Job#: M1981006

PROJECT IDENTIFICATION

Task #: 07A State: Colorado Abbreviation: None
Date: 3/14/2012 County: Garfield Filename: M006-07a
User: DMC

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 - 8U	53.70	$65.28	$125.45	1	$190.73	$125.45	$250.00
Drill/Broadcast Seeder with Tractor	25.00	$39.59	$88.67	1	$128.26	$88.67	$250.00
Centrifugal pump - 90M, 6 in.	1.05	$3.18	$88.67	1	$91.85	$88.67	$250.00
Subtotals:					**$410.84**	**$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, 1 T. Crew	$25.30	1	$25.30	$25.30
Subtotals:			**$25.30**	**$25.30**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	RIFLE	
Total one-way travel distance:	2.00	miles
Average Travel Speed:	25.00	mph
Total Non-Roadable Mob/Demob Cost * '* two round trips with haul rig:	$2,435.86	
Total Roadable Mob/Demob Cost ** ** one round trip, no haul rig:	$4.05	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.08	0.08
Return Time (Hours):	0.08	0.08
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	1.16	0.16

JOB TIME AND COST

Total job time:	**2.32**	Hours
Total job cost:	**$2,439.91**	