

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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March 20, 2012

Mr. Gary W. Cooper
Lindsey Canyon, LLC
11554 64.50 Road
Montrose, CO 81401

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta E. Piñeda
Director

Re: Lindsey Canyon LLC, Permit No. M-2000-072, Financial Warranty Increase, Revision No. SI-1

Dear Mr. Cooper:

On March 20, 2012 the Division of Reclamation, Mining, and Safety increased the current Financial Warranty for this permit to \$20,460.00, in accordance with Rule 4.2.1 of the Rules and Regulations. This is an increase of \$5,760.00.

Therefore, pursuant to Section 34-32.5-117(4) of the Colorado Land Reclamation Act, adequate financial warranty must be submitted to DRMS within 60 days of the mailing date of this notice. The due date for submission and acceptance is May 21, 2012.

If you have any questions regarding bonding documents or wish to submit a different type of Financial Warranty, please contact Barbara Coria at (303) 866-3567, Ext 8148 for assistance.

If you need additional information please contact me at the Division of Reclamation, Mining and Safety, Grand Junction Field Office, 101 S. 3rd St., Suite 301, Grand Junction, Colorado 81501, or by telephone no. 970.241.1117.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Russell Means".

G. Russell Means
Environmental Protection Specialist II

Ec: Barbara Coria, DRMS Bonding Specialist

Enclosure: 2012 Bond Update, GRM

COST SUMMARY WORK

Task description: Summary

Site: Lindsey Canyon LLC

Permit Action: 2012 update

Permit/Job#: M2000072

PROJECT IDENTIFICATION

Task #: 01A
Date: 3/20/2012
User: GRM

State: Colorado
County: Montrose

Abbreviation: None
Filename: M072-01a

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
02a	highwall reduction	DOZER	1	5.03	\$1,049.84
03a	rip and grade pit floor and pit perimeter	RIPPER	1	10.25	\$2,186.00
04a	reveg of disturbed site	REVEGE	1	24.00	\$11,813.28
05a	mobilization to site	MOBILIZE	1	3.14	\$1,758.84
<u>SUBTOTALS:</u>				42.42	\$ \$16,807.96

INDIRECT COSTS

OVERHEAD AND PROFIT:

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

Total = \$339.52
Total = \$176.48
Total = \$0.00
Total = \$1,680.80

TOTAL O & P = \$2,196.80

CONTRACT AMOUNT (direct + O & P) = \$19,004.76

LEGAL - ENGINEERING - PROJECT MANAGEMENT:

Financial warranty processing (legal/related costs): 0.00
Engineering work and/or contract/bid preparation: 0.00
Reclamation management and/or administration: 5.00

Total = 0.00
Total = \$0.00
\$950.24

CONTINGENCY: 3.00

Total = \$504.24

TOTAL INDIRECT COST = \$3,651.28

TOTAL BOND AMOUNT (direct + indirect) = \$20,460.00

BULLDOZER WORKTask description: Highwall reductionSite: Lindsey Canyon LLCPermit Action: 2012 updatePermit/Job#: M2000072**PROJECT IDENTIFICATION**Task #: 02AState: ColoradoAbbreviation: NoneDate: 3/20/2012County: MontroseFilename: M072-02aUser: GRMAgency or organization name: DRMS**HOURLY EQUIPMENT COST**Basic Machine: Cat D8T - 8UHorsepower: 310Blade Type: UniversalAttachment: 3-shank ripperShift Basis: 1 per dayData Source: (CRG)Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	\$65.28	NA
Operating Cost/Hour:	\$102.84	100
Ripper op. Cost/Hour:	\$1.95	30
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$208.56Total Fleet Cost/Hour: \$208.56**MATERIAL QUANTITIES**Initial Volume: 4,400Swell factor: 1.125Loose volume: 4,950 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat Handbook**HOURLY PRODUCTION**Average push distance: 50 feetUnadjusted hourly production: 1,627.0 LCY/hrMaterials consistency description: Compacted fill or embankment 0.9Average push gradient: -15 %Average site altitude: 5,000 feetMaterial weight: 2,550 lbs/LCYWeight description: Earth - Dry packedJob 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:	0.900	(SSD-FC)
Push gradient:	1.329	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.902	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.6044

Adjusted unit production: 983.36 LCY/hr

Adjusted fleet production: 983.36 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)
 Unit cost: \$0.212/LCY

Total job time: 5.03 Hours
 Total job cost: \$1,049.84

BULLDOZER RIPPING WORK

Task description: Rip and grade pit floor and pit perimeter

Site: Lindsey Canyon LLC

Permit Action: 2012 update

Permit/Job#: M2000072

PROJECT IDENTIFICATION

Task #: 03A

State: Colorado

Abbreviation: None

Date: 3/20/2012

County: Montrose

Filename: M072-03a

User: GRM

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): 1.00 Volume: 11,293 BCY or CCY

Source of estimated quantity: TR-01 maps

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

Average Ripping Depth:	<u>2.56</u>	mph
Average Ripping Width:	<u>7.08</u>	degrees
Average Ripping Length:	<u>500.00</u>	feet
Average Dozer Speed:	<u>88.00</u>	feet
Average Maneuver Time:	<u>0.25</u>	feet
Production per unit area:	<u>0.822</u>	acres/hour

Job Condition Correction Factors

Unadjusted Hourly Unit Production:	<u>0.822</u>	Acres/hr
Site Altitude:	<u>5,000</u>	feet
Altitude Adj:	<u>1.00</u>	(CAT HB)
Job Efficiency:	<u>0.83</u>	(1 shift/day)
Net Correction:	<u>0.83</u>	multiplier

Adjusted Hourly Unit Production: 0.68 Acres/hr

Adjusted Hourly Fleet Production: 0.68 Acres/hr

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: 10.26 Hours

Unit cost: \$312.339 Per acre Total job cost: \$2,186.00

REVEGETATION WORKTask description: Reveg of disturbed siteSite: Lindsey Canyon LLCPermit Action: 2012 updatePermit/Job#: M2000072**PROJECT IDENTIFICATION**Task #: 04AState: ColoradoAbbreviation: NoneDate: 3/20/2012County: MontroseFilename: M072-04aUser: GRMAgency or organization name: DRMS**FERTILIZING****Materials**

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
Ammonium sulfate, 21-0-0 with 24% S	640.00	pound	\$0.35	\$224.64
Superphosphate, 0-20-0 with 12% S	200.00	pound	\$0.23	\$45.40
			Total Fertilizer Materials Cost/Acre	\$270.04

Application

Description	Cost /Acre
Tractor towed spreader (MEANS 32 01 90.13 0120)	\$50.09
	Total Fertilizer Application Cost/Acre
	\$50.09

TILLING

Description	Cost /Acre
Disc harrowing, 6" deep (MEANS 32 91 13.23 6100)	\$92.35
	Total Tilling Cost/Acre
	\$92.35

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Arizona Fescue - Redondo	0.72	8.26	\$7.78
Kentucky Bluegrass - Lato	0.47	23.20	\$1.45
Ryegrass, Perennial - Herbie	1.70	9.64	\$2.30
Ryegrass, Perennial - Linn	1.95	11.06	\$2.63
Totals Seed Mix	4.84	52.16	\$14.16

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 - Curtail @ 4.0 pt/ac	1.00	ACRE	\$15.90	\$15.90
Straw, delivered {MEANS 31 25 14.16 1200}	1.50	TON	\$164.00	\$246.00
Total Mulch Materials Cost/Acre				\$261.90

Application

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$65.89
Power mulcher (MEANS 32 91 13.16 0250)	\$79.71
Weed spray, truck, non-aquatic area, nox. [DMG]	\$60.19
Total Mulch Application Cost/Acre	\$205.79

NURSERY STOCK PLANTING

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

JOB TIME AND COST

No. of Acres:	8	Cost /Acre:	\$984.44
Estimated Failure Rate:	50%	Cost /Acre*:	\$984.44
*Selected Replanting Work Items:	FERTILIZING,TILLING,SEEDING,MULCHING		
Initial Job Cost:	\$7,875.52		
Reseeding Job Cost:	\$3,937.76		
Total Job Cost:	\$11,813.28		
Job Hours:	24.00		

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Mobilization to siteSite: Lindsey Canyon LLCPermit Action: 2012 updatePermit/Job#: M2000072**PROJECT IDENTIFICATION**Task #: 05AState: ColoradoAbbreviation: NoneDate: 3/20/2012County: MontroseFilename: M072-05aUser: GRMAgency 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:**

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	\$0.00
Power Mulcher (Reinco M90)	6.00	\$7.03	\$88.67	1	\$95.70	\$88.67	\$0.00

Subtotals: **\$414.69** **\$302.79** **\$250.00****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.	\$34.08	1	\$34.08	\$34.08

Subtotals: **\$34.08** **\$34.08**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region:	<u>MONTROSE</u>	
Total one-way travel distance:	<u>10.00</u>	miles
Average Travel Speed:	<u>35.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$1,739.37</u>
** two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$19.47</u>
** one round trip, no haul rig:	

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	<u>0.29</u>	<u>0.29</u>
Return Time (Hours):	<u>0.29</u>	<u>0.29</u>
Loading Time (Hours):	<u>0.50</u>	<u>NA</u>
Unloading Time (Hours):	<u>0.50</u>	<u>NA</u>
Subtotals:	<u>1.57</u>	<u>0.57</u>

JOB TIME AND COST

Total job time:	<u>3.14</u>	Hours
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Total job cost:	<u>\$1,758.84</u>
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