

# 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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July 23, 2012

Barbara E. Hubbs  
Hubbs III, LLC  
367 CR 129  
Hesperus, CO 81326

John W. Hickenlooper  
Governor

Mike King  
Executive Director

Loretta E. Piñeda  
Director

**Re: Hubbs Pit, Permit No. M-1987-088, Financial Warranty Increase, Revision No. SI-1**

Dear Ms. Hubbs:

On July 23, 2012, the Division of Reclamation, Mining and Safety increased the current Financial Warranty for this permit to \$59,557.52, in accordance with Rule 4.2.1 of the Rules and Regulations. This is an increase of \$45,905.00.

The Division ordered amendment of the current Financial Warranty, or submittal of a new Financial Warranty reflecting the increase, within 60 days from the date of this letter. If you wish to submit a different type of Financial Warranty, please contact me such that I may send you the applicable form.

If you have any questions, please contact me at (970) 259-5861.

Sincerely,

Kate A. Pickford  
Environmental Protection Specialist

## COST SUMMARY WORK

Task description: SI

Site: Hubbs Pit

Permit Action: 2012 Inspection

Permit/Job#: M1987088

### PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 7/23/2012

County: La Plata

Filename: M088-000

User: KAP

Agency or organization name: DRMS

### TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
001	Backfill Phase IIIc North Highwall and Phase IVa Highwalls	DOZER	1	68.78	\$22,839.84
002	Replace Excess Overburden on Pit Floor	DOZER	1	34.54	\$11,471.60
003	REplace Topsoil on Phase IVa and 1/2 of IIIc	DOZER	1	5.23	\$1,735.38
004	Revegetate	REVEGE	1	7.00	\$8,531.78
005	Mobilize/Demobilize	MOBILIZE	1	5.33	\$2,717.43
<b><u>SUBTOTALS:</u></b>				<b>120.88</b>	<b>\$ \$47,296.03</b>

### INDIRECT COSTS

#### OVERHEAD AND PROFIT:

Liability insurance: 0.00  
Performance bond: 0.00  
Job superintendent: 60.44  
Profit: 10.00

Total = \$0.00

Total = \$0.00

Total = \$3,584.09

Total = \$4,729.60

TOTAL O & P = \$8,313.69

CONTRACT AMOUNT (direct + O & P) = \$55,609.72

#### 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: 6.20

\$3,447.80

CONTINGENCY: 0.00

Total = \$0.00

TOTAL INDIRECT COST = \$12,261.49

TOTAL BOND AMOUNT (direct + indirect) = \$59,557.52

BULLDOZER WORKTask description: REplace Topsoil on Phase IVa and 1/2 of IIIcSite: Hubbs PitPermit Action: 2012 InspectionPermit/Job#: M1987088PROJECT IDENTIFICATIONTask #: 003State: ColoradoAbbreviation: NoneDate: 7/23/2012County: La PlataFilename: M088-003User: KAPAgency or organization name: DRMSHOURLY EQUIPMENT COSTBasic Machine: Cat D10T - 10SUHorsepower: 574Blade Type: Semi-UniversalAttachment: 3-shank ripperShift Basis: 1 per dayData Source: (CRG)Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	\$111.83	NA
Operating Cost/Hour:	\$181.78	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$332.09Total Fleet Cost/Hour: \$332.09MATERIAL QUANTITIESInitial Volume: 5,650Swell factor: 1.000Loose volume: 5,650 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat HandbookHOURLY PRODUCTIONAverage push distance: 150 feetUnadjusted hourly production: 1,243.2 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: -15 %Average site altitude: 6,700 feetMaterial weight: 2,100 lbs/LCYWeight description: Earth - LoamJob Condition Correction Factor

		<u>Source</u>
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	(SSD-AC)
Push gradient:	1.329	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	1.095	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.8697

Adjusted unit production: 1,081.21 LCY/hr  
Adjusted fleet production: **1081.21 LCY/hr**

### **JOB TIME AND COST**

Fleet size: 1 Dozer(s)  
Unit cost: \$0.307/LCY

Total job time: **5.23 Hours**  
Total job cost: **\$1,735.38**

BULLDOZER WORKTask description: Replace Excess Overburden on Pit FloorSite: Hubbs PitPermit Action: 2012 InspectionPermit/Job#: M1987088PROJECT IDENTIFICATIONTask #: 002State: ColoradoAbbreviation: NoneDate: 7/23/2012County: La PlataFilename: M088-002User: KAPAgency or organization name: DRMSHOURLY EQUIPMENT COSTBasic Machine: Cat D10T - 10SUHorsepower: 574Blade Type: Semi-UniversalAttachment: 3-shank ripperShift Basis: 1 per dayData Source: (CRG)Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	\$111.83	NA
Operating Cost/Hour:	\$181.78	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$332.09Total Fleet Cost/Hour: \$332.09MATERIAL QUANTITIESInitial Volume: 28,000Swell factor: 1.000Loose volume: 28,000 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat HandbookHOURLY PRODUCTIONAverage push distance: 150 feetUnadjusted hourly production: 1,243.2 LCY/hrMaterials consistency description: Loose stockpile 1.2Average push gradient: -15 %Average site altitude: 6,700 feetMaterial weight: 2,800 lbs/LCYWeight description: Clay - Natural bedJob Condition Correction Factor

		<u>Source</u>
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	(SSD-AC)
Push gradient:	1.329	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.821	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.6520

Adjusted unit production: 810.57 LCY/hr

Adjusted fleet production: **810.57** LCY/hr

### **JOB TIME AND COST**

Fleet size: 1 Dozer(s)  
Unit cost: \$0.410/LCY

Total job time: **34.54** Hours  
Total job cost: **\$11,471.60**

BULLDOZER WORKTask description: Backfill Phase IIIc North Highwall and Phase IVa HighwallsSite: Hubbs PitPermit Action: 2012 InspectionPermit/Job#: M1987088PROJECT IDENTIFICATIONTask #: 001State: ColoradoAbbreviation: NoneDate: 7/23/2012County: La PlataFilename: M088-001User: KAPAgency or organization name: DRMSHOURLY EQUIPMENT COSTBasic Machine: Cat D10T - 10SUHorsepower: 574Blade Type: Semi-UniversalAttachment: 3-shank ripperShift Basis: 1 per dayData Source: (CRG)Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	\$111.83	NA
Operating Cost/Hour:	\$181.78	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$332.09Total Fleet Cost/Hour: \$332.09MATERIAL QUANTITIESInitial Volume: 98,880Swell factor: 1.110Loose volume: 109,757 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat HandbookHOURLY PRODUCTIONAverage push distance: 55 feetUnadjusted hourly production: 2,670.0 LCY/hrMaterials consistency description: Partly consolidated stockpile 1.1Average push gradient: -15 %Average site altitude: 6,700 feetMaterial weight: 2,800 lbs/LCYWeight description: Clay - Natural bedJob Condition Correction Factor

		Source
Operator Skill:	0.750	(AVG.)
Material consistency:	1.100	(CAT HB)
Dozing method:	1.000	(GEN.)

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(SSD-AC)
Push gradient:	1.329	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.821	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.5977

Adjusted unit production: 1,595.86 LCY/hr

Adjusted fleet production: **1595.86 LCY/hr**

### **JOB TIME AND COST**

Fleet size: 1 Dozer(s)  
Unit cost: \$0.208/LCY

Total job time: **68.78 Hours**  
Total job cost: **\$22,839.84**



REVEGETATION WORKTask description: RevegetateSite: Hubbs PitPermit Action: 2012 InspectionPermit/Job#: M1987088PROJECT IDENTIFICATIONTask #: 004State: ColoradoAbbreviation: NoneDate: 7/23/2012County: La PlataFilename: M088-004User: KAPAgency or organization name: DRMSFERTILIZINGMaterials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
8-32-16, 16-20-0	200.00	pound	\$0.32	\$64.00
			<b>Total Fertilizer Materials Cost/Acre</b>	<b>\$64.00</b>

Application

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

TILLING

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

SEEDING

Seed Mix	Rate – PLS LBS / Acre	Seeds per SQ. FT	Cost /Acre
Orchardgrass - Paiute	0.40	4.96	\$0.84
Crested Wheatgrass - Fairway	1.20	5.51	\$2.84
Smooth Brome - Lincoln	3.90	12.98	\$5.07
Pubescent Wheatgrass - Luna	3.50	7.23	\$7.67
Western Wheatgrass - Arriba	3.20	8.08	\$11.52
<b>Totals Seed Mix</b>	<b>12.20</b>	<b>38.76</b>	<b>\$27.94</b>

Application

Description	Cost /Acre
Drill seeding {DMG}	\$90.11

<b>Total Seed Application Cost/Acre</b>	<b>\$90.11</b>
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**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
<b>Total Mulch Materials Cost/Acre</b>				<b>\$329.20</b>

**Application**

Description	Cost /Acre
Crimping, with tractor {DMG survey data}	\$65.89
Power mulcher (MEANS 32 91 13.16 0250)	\$79.71
Weed spray, hand, non-aquatic area, nox. [DMG]	\$175.77
<b>Total Mulch Application Cost/Acre</b>	<b>\$321.37</b>

**NURSERY STOCK PLANTING**

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

**JOB TIME AND COST**

No. of Acres: 7 Cost /Acre: \$975.06  
 Estimated Failure Rate: 25% Cost /Acre\*: \$975.06  
 \*Selected Replanting Work Items: FERTILIZING,TILLING,SEEDING,MU  
LCHING

Initial Job Cost: \$6,825.42  
 Reseeding Job Cost: \$1,706.36  
 Total Job Cost: \$8,531.78  
 Job Hours: 7.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Mobilize/DemobilizeSite: Hubbs PitPermit Action: 2012 InspectionPermit/Job#: M1987088PROJECT IDENTIFICATIONTask #: 005State: ColoradoAbbreviation: NoneDate: 7/23/2012County: La PlataFilename: M088-005User: KAPAgency or organization name: DRMSEQUIPMENT TRANSPORT RIG COSTShift basis: 1 per day  
Cost 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 D10T - 10SU	84.53	\$102.22	\$125.45	1	\$227.67	\$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: 

\$451.63	\$302.79	\$250.00
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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
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**EQUIPMENT HAUL DISTANCE and Time**

Nearest Major City or Town within project area region:	<u>DURANGO</u>	
Total one-way travel distance:	<u>25.00</u>	miles
Average Travel Speed:	<u>30.00</u>	mph

Total Non-Roadable Mob/Demob Cost *	<u>\$2,660.63</u>
'* two round trips with haul rig:	
Total Roadable Mob/Demob Cost **	<u>\$56.80</u>
'** one round trip, no haul rig:	

**Transportation Cycle Time:**

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.83	0.83
Return Time (Hours):	0.83	0.83
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	2.67	1.67

**JOB TIME AND COST**

Total job time:	<u>5.33</u>	Hours
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Total job cost:	<u>\$2,717.43</u>
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