

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
FAX: (303) 832-8106



September 10, 2012

Jim Sutherland
S&S Aggregates, Inc.
P.O. Box 216
Egnar, Colorado 81325

John W. Hickenlooper
Governor

Mike King
Executive Director

Loretta Piñeda
Director

Re: Gleason Pit, Permit No. M-1983-159, Surety Increase Notice, SI-01.

Dear Mr. Sutherland,

On August 10, 2010 the Division of Reclamation, Mining, and Safety (Division) noticed S&S Aggregates that an increase of the financial warranty was required. The increase was based on the August 3, 2010 inspection where it was noted very little had changed since the last reclamation bond update in 2002 with the exception of reaching the maximum 10 acres disturbance and more trash and debris being brought into the permit area. Staff therefore updated the bond calculation using accepted volumes and tasks and adjusted the acreage and disposal costs accordingly.

On June 21, 2012 staff visited with you on site to discuss the issue of failure to post the increase as noticed. The increase is required by law and S&S failed to post the warranty. The Division made an error by not following up on the increase until a recent audit. However, technically the violation still exists. Staff has recalculated the bond to reflect current conditions. The current recalculation took into account the removal of debris from the site, slope reductions, 2 acres of reclamation, and other factors. S&S noted it would, if necessary, reduce the highwall on the southeast corner near the entrance to the site. If done this helps reduce the total increase required from \$7800.00 to \$5,127.00, but an increase none the less. S&S Aggregates must reduce the highwall at the entrance to the pit to reduce the liability down to the amount now calculated.

The Division notes that this could be brought before the Mined Land Reclamation Board as an enforcement action for failure to post a financial warranty increase within 60 days of the August 10, 2010 notice. However, given that staff missed the statutory deadline and S&S Aggregates misunderstanding of the requirement to increase the bond the Division is opting to re-notice you of the increase with the current adjusted amount. Enforcement action on the past or current increase notice could result in civil penalties, a cease and desist order, possible permit revocation, and forfeiture of the current bond held. Please note that with new database system monitoring the following deadline will not be missed again.

In an effort to ensure the financial warranty remains adequate to reclaim this site per the requirements of the approved reclamation plan, the Division has updated the reclamation cost estimate (copy enclosed). The estimated reclamation liability is now \$23,700.00. This is an increase of \$5,127.00 from the 2002 increase with the conversion of the permit from a 110c to a 112c. The site is clearly underbonded. **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, (November 9, 2012) of the mailing date of this notice.**

Any questions in regard to forms or submittal of Financial Warranties should be directed to Specialist Barbara Coria in the Denver Office prior to June 4th, 2012. She may be reached at 303.866.3567, ext: 8142, or by e-mail: Barbara.coria@state.so.us.

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, by telephone at 970.241.1117, or by e-mail at russ.means@state.co.us.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Russell Means". The signature is stylized with a large initial "G" and a prominent "M".

G. Russell Means
Acting Senior Environmental Protection Specialist
West Slope Field Office Supervisor

Cc: Barbara Coria, DRMS Bonding Specialist

COST SUMMARY WORK

Task description: _____

Site: Gleason Pit

Permit Action: 2012 update-B

Permit/Job#: M1983159

PROJECT IDENTIFICATION

Task #: 000

State: Colorado

Abbreviation: None

Date: 9/10/2012

County: Montrose

Filename: M159-000

User: GRM

Agency or organization name: DRMS

TASK LIST (DIRECT COSTS)

Task	Description	Form Used	Fleet Size	Task Hours	Cost
01a	rip 8 acres of disturbance	RIPPER	1	13.70	\$2,920.00
02a	spread topsoil	DOZER	1	24.05	\$4,806.30
03a	revegetation of 8 acres	REVEGE	1	32.00	\$9,802.68
04a	mobilization to site	MOBILIZE	1	3.30	\$1,536.27
<u>SUBTOTALS:</u>				73.05	\$ \$19,065.25

INDIRECT COSTS

OVERHEAD AND PROFIT:

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

Total = \$385.12

Total = \$200.19

Total = \$0.00

Total = \$1,906.53

TOTAL O & P = \$2,491.84

CONTRACT AMOUNT (direct + O & P) = \$21,557.09

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

\$1,077.85

CONTINGENCY: 3.00

Total = \$571.96

TOTAL INDIRECT COST = \$4,641.65

TOTAL BOND AMOUNT (direct + indirect) = \$23,700.00

BULLDOZER WORKTask description: Reduce highwall from 0.5 to 3:1 slopeSite: Gleason PitPermit Action: 2012 updatePermit/Job#: M1983159PROJECT IDENTIFICATIONTask #: 01AState: ColoradoAbbreviation: NoneDate: 9/10/2012County: MontroseFilename: M159-01aUser: GRMAgency or organization name: DRMSHOURLY EQUIPMENT COSTBasic Machine: Cat D8T - 8SUHorsepower: 310Blade Type: Semi-UniversalAttachment: NAShift Basis: 1 per dayData Source: (CRG)Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	\$58.56	NA
Operating Cost/Hour:	\$102.81	100
Ripper op. Cost/Hour:	\$0.00	0
Operator Cost/Hour:	\$38.49	NA

Total unit Cost/Hour: \$199.86Total Fleet Cost/Hour: \$199.86MATERIAL QUANTITIESInitial Volume: 3,769Swell factor: 1.060Loose volume: 3,995 LCYSource of estimated volume: Division of Reclamation, Mining & SafetySource of estimated swell factor: Cat HandbookHOURLY PRODUCTIONAverage push distance: 50 feetUnadjusted hourly production: 1,400.0 LCY/hrMaterials consistency description: Compacted fill or embankment 0.9Average push gradient: 10 %Average site altitude: 6,560 feetMaterial weight: 2,900 lbs/LCYWeight description: Sand and gravel - DryJob Condition Correction Factor

		<u>Source</u>
Operator Skill:	0.750	(AVG.)
Material consistency:	0.900	(CAT HB))
Dozing method:	1.100	(50% SL)

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.900	(SSD-FC)
Push gradient:	0.786	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.793	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.3457

Adjusted unit production: 483.98 LCY/hr

Adjusted fleet production: **483.98** LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.413/LCY

Total job time: **8.25** Hours

Total job cost: **\$1,649.78**

BULLDOZER RIPPING WORK

Task description: Rip 8 acres of disturbance

Site: Gleason Pit Permit Action: 2012 Update Permit/Job#: M1983159

PROJECT IDENTIFICATION

Task #: 02A State: Colorado Abbreviation: None
Date: 9/10/2012 County: Montrose Filename: M159-02a
User: GRM

Agency or organization name: DRMS

HOURLY EQUIPMENT COST

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

Cost Breakdown:

		Utilization %
Ownership Cost/Hour:	<u>\$65.28</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$102.81</u>	<u>100</u>
Ripper Operating Cost/Hour:	<u>\$6.49</u>	<u>100</u>
Operator Cost/Hour:	<u>\$38.49</u>	<u>NA</u>
Total Unit Cost/Hour:	<u>\$213.07</u>	
Total Fleet Cost/Hour:	<u>\$213.07</u>	

MATERIAL QUANTITIES

Selected estimating method: Area

Alternate Methods:

Seismic: NA Bank Volume: NA BCY NA
Area: 8.00 acres Rip Depth (ft): 2.00 Volume: 25,813 BCY or CCY

Source of estimated quantity: Reclamation plan and site visit

HOURLY PRODUCTION

Seismic:

Seismic Velocity: NA feet/second

Area:

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

Job Condition Correction Factors

Unadjusted Hourly Unit Production:	<u>0.703</u>	<u>Acres/hr</u>
Site Altitude:	<u>6,560</u>	<u>feet</u>
Altitude Adj:	<u>1.00</u>	<u>(CAT HB)</u>
Job Efficiency:	<u>0.83</u>	<u>(1 shift/day)</u>
Net Correction:	<u>0.83</u>	<u>multiplier</u>
Adjusted Hourly Unit Production:	<u>0.58</u>	<u>Acres/hr</u>
Adjusted Hourly Fleet Production:	<u>0.58</u>	<u>Acres/hr</u>

JOB TIME AND COST

Fleet size: 1 Grader(s) Total job time: 13.70 Hours
Unit cost: \$364.943 Per acre Total job cost: \$2,920.00

BULLDOZER WORKTask description: Spread topsoilSite: Gleason Pit Permit Action: 2012 update Permit/Job#: M1983159**PROJECT IDENTIFICATION**

Task #: 03A State: Colorado Abbreviation: None
 Date: 9/10/2012 County: Montrose Filename: M159-03a
 User: GRM

Agency or organization name: DRMS**HOURLY EQUIPMENT COST**

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

Cost Breakdown:

		<u>Utilization %</u>
Ownership Cost/Hour:	<u>\$58.56</u>	<u>NA</u>
Operating Cost/Hour:	<u>\$102.81</u>	<u>100</u>
Ripper op. Cost/Hour:	<u>\$0.00</u>	<u>0</u>
Operator Cost/Hour:	<u>\$38.49</u>	<u>NA</u>
Total unit Cost/Hour:	<u>\$199.86</u>	
Total Fleet Cost/Hour:	<u>\$199.86</u>	

MATERIAL QUANTITIES

Initial Volume: 6,050
 Swell factor: 1.125
 Loose volume: 6,806 LCY

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

HOURLY PRODUCTION

Average push distance: 150 feet
 Unadjusted hourly production: 634.3 LCY/hr

Materials consistency description: Partly consolidated stockpile 1.1

Average push gradient: 5 %
 Average site altitude: 6,560 feet

Material weight: 2,550 lbs/LCYWeight description: Earth - Dry packedJob Condition Correction Factor

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

Visibility:	1.000	(AVG.)
Job efficiency:	0.830	(1 SHIFT/DAY)
Spoil pile:	0.800	(FND-RF)
Push gradient:	0.903	(CAT HB)
Altitude:	1.000	(CAT HB)
Material Weight:	0.902	(CAT HB)
Blade type:	1.000	(PAT)

Net correction: 0.4462

Adjusted unit production: 283.02 LCY/hr

Adjusted fleet production: 283.02 LCY/hr

JOB TIME AND COST

Fleet size: 1 Dozer(s)

Unit cost: \$0.706/LCY

Total job time: 24.05 Hours

Total job cost: \$4,806.30

REVEGETATION WORKTask description: Revegetation of 8 acresSite: Gleason PitPermit Action: 2012 updatePermit/Job#: M1983159PROJECT IDENTIFICATIONTask #: 04AState: ColoradoAbbreviation: NoneDate: 9/10/2012County: MontroseFilename: M159-04aUser: GRMAgency or organization name: DRMSFERTILIZINGMaterials

Description	Units / Acre	Unit	Cost / Unit	Cost /Acre
10-34-0, 18-46-0, 5-10-5	200.00	pound	\$0.32	\$64.00
			Total Fertilizer Materials Cost/Acre	\$64.00

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
Sand Dropseed	0.15	17.91	\$1.02
Thickspike Wheatgrass - Critana	2.75	9.72	\$13.92
Western Wheatgrass - Arriba	6.00	15.15	\$21.60
Totals Seed Mix	8.90	42.78	\$36.54

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}	2.00	TON	\$164.00	\$328.00
Total Mulch Materials Cost/Acre				\$343.90

Application

Description	Cost /Acre
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	\$139.90

JOB TIME AND COST

No. of Acres: 8 Cost /Acre: \$816.89
 Estimated Failure Rate: 50% Cost /Acre*: \$816.89
 *Selected Replanting Work Items: FERTILIZING,TILLING,SEEDING,
MULCHING

Initial Job Cost: \$6,535.12
 Reseeding Job Cost: \$3,267.56
 Total Job Cost: \$9,802.68
 Job Hours: 32.00

EQUIPMENT MOBILIZATION/DEMOBILIZATIONTask description: Mobilization to siteSite: Gleason PitPermit Action: 2012 updatePermit/Job#: M1983159**PROJECT IDENTIFICATION**Task #: 05AState: ColoradoAbbreviation: NoneDate: 9/10/2012County: MontroseFilename: M159-05aUser: 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 - 8SU	53.08	\$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

Subtotals: **\$318.99** **\$214.12** **\$250.00****ROADABLE EQUIPMENT:**

Machine Description	Total Cost/hr/ unit	Fleet Size	Haul Trip Cost/hr/ fleet	Return Trip Cost/hr/ fleet
Flatbed Truck, 4x2, 15K GVW	\$45.57	1	\$45.57	\$45.57
Light Duty Pickup, 4x4, 3/4 T.	\$34.08	1	\$34.08	\$34.08

Subtotals: **\$79.65** **\$79.65**

EQUIPMENT HAUL DISTANCE and Time

Nearest Major City or Town within project area region: NORWOOD
 Total one-way travel distance: 13.00 miles
 Average Travel Speed: 40.00 mph

Total Non-Roadable Mob/Demob Cost * \$1,484.50
 * two round trips with haul rig:
 Total Roadable Mob/Demob Cost ** \$51.77
 ** one round trip, no haul rig:

Transportation Cycle Time:

	Non-Roadable Equipment	Roadable Equipment
Haul Time (Hours):	0.33	0.33
Return Time (Hours):	0.33	0.33
Loading Time (Hours):	0.50	NA
Unloading Time (Hours):	0.50	NA
Subtotals:	1.65	0.65

JOB TIME AND COST

Total job time: 3.30 Hours

Total job cost: \$1,536.27

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

FAX: (303) 832-8106



Bill Ritter, Jr.
Governor

James B. Martin
Executive Director

Loretta E. Piñeda
Director

August 10, 2010

Jim Sutherland
S&S Aggregates, Inc.
P.O. Box 216
Egnar, Colorado 81325

Re: Gleason Pit, Permit No. M-1983-159, Surety Increase Notice, SI-01.

Dear Mr. Sutherland,

In an effort to ensure the financial warranty remains adequate to reclaim this site per the requirements of the approved reclamation plan, DRMS has updated the reclamation cost estimate (copy enclosed). The estimated reclamation liability is now \$31,500.00. This is an increase of \$12,927.00 from the 2002 increase with the conversion of the permit from a 110c to a 112c. The site is clearly under-bonded. **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, (October 12, 2010) of the mailing date of this report.**

Based on the August 3, 2010 inspection it was noted very little had changed since the last reclamation bond update in 2002 with the exception of reaching the maximum 10 acres disturbance and more trash and debris being brought into the permit area. Staff therefore updated the bond calculation using accepted volumes and tasks and adjusted the acreage and disposal costs accordingly. Unfortunately, as you know, seed cost have increased dramatically over the 8 years since the last update. That increase more than any other contributed to the increase required.

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, telephone no. 970.241.1117.

Sincerely,

G. Russell Means
Environmental Protection Specialist